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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2187

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YUGOSLAV-HUNGARIAN COMMODITY TRADE LIST, 1980

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 9, 31 Aug 81 MEDJUNARODNI UGOVORI pp 570-573

[Order of the Federal Executive Council Ratifying the Protocol on Trade and Goods and Services Between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the People's Republic of Hungary for 1980, with annexes, signed 19 December 1979 in Belgrade]

[Excerpt] List A/1980. Exports From the People's Republic of Hungary to the Socialist Federal Republic of Yugoslavia, in thousands of U.S. dollars

No 1	Designation 2	Unit of Measurement 3	Quantity 4	Value 5
1	Machines, equipment, highway and rail vehicles, instruments, products of the electrical equipment and electronics industries, volume products of machine-building, parts	$		70,000
	Including:			
	Cooperation in the production of highway vehicles and in the motor industry	$		35,000
	Miscellaneous cooperation in industrial production	$		5,000
	Pieces of equipment for locomotives and parts for rail vehicles	$		1,000
	Machines and equipment for the Danube--Tisa--Danube Canal	$		2,600
	Agricultural machines and equipment for the food manufacturing industry	$		2,000
	Power engineering, electrical and electronic equipment and parts	$		5,000
	Parts for highway vehicles and garage equipment	$		4,500

List A/1980 (continued)

1	2	3	4	5
	Miscellaneous instruments and apparatus	$		1,000
	Tools and products of the metal manufacturing industry	$		4,000
2	Long-term collaboration:			
	Pulpwood for Djuro Salaj of Krsko	m^3	280,000	
	Pulpwood for Matroz of Sremska Mitrovica	m^3	150,000	
	Ammonia for RTB Bor [Bor Copper Mine and Smeltery] Generaleksport of Belgrade	t	35,000	
	Ammonium sulfate for RTB Bor Generaleksport of Belgrade	t	20,000	
	Carbamide for RTB Bor Generaleksport of Belgrade	t	20,000	
	PVC pellets for RTB Bor Generaleksport of Belgrade	t	2,500	
3	Products of ferrous metallurgy	t	66,000	
4	Exchange of products of ferrous metallurgy	$		20,000
5	Products of electrometallurgy	$		1,000
6	Coking coal	t	260,000	
7	Ethylene	t	10,000	
8	Propylene	t	12,000	
9	Polypropylene	t	5,000	
10	Sulfuric acid	t	20,000	
11	Synthetic resins	t	2,100	
12	Sodium hydroxide	t	20,000	
13	Acetate (isobutyl and butyl)	t	1,500	
14	Oil for impregnating wood--creosote	t	5,000	
15	Ammonia	t	30,000	
16	Chemical agents for plant pest and disease control	$		500
17	Carbamide	t	20,000	
18	Tires and industrial rubber goods	$		2,000
19	Benzene	t	7,000	
20	Xylol	t	2,000	
21	Toluol	t	6,000	
22	Miscellaneous chemical products	$		3,000
23	Drugs, raw materials for drugs and chemicals for drugs and chemical reagents for laboratories	$		2,000
24	Propane-butane	t	4,000	
25	Miscellaneous products of the nonmetallic minerals industry	$		1,500
26	Blown oils	t	10,000	

List A/1980 (continued)

1	2	3	4	5
27	Paraffin	t	1,000	
28	Finishing in the petroleum industry	$		2,000
29	Silica sand	t	12,000	
30	Molding sand	t	5,000	
31	Perlite (crude)	t	18,000	
32	Cement	t	250,000	
33	Pulpwood	m^3	50,000	
34	Miscellaneous products of the wood and paper industries	$		3,000
35	Textile products, raw materials and semifinished products	$		9,000
	Including:			
	Raw materials for the textile industry	$		2,000
36	Industrially produced consumer goods	$		6,000
	Including:			
	Housewares and camping equipment	$		4,200
37	Books, films and miscellaneous products of the printing and publishing industry	$		1,000
38	Raw and processed foods	$		10,000
39	Border commodity trade	$		12,000
40	Services (transportation, tourism, etc.)	$		65,000

List B/1980. Exports From the Socialist Federal Republic of Yugoslavia to the People's Republic of Hungary, in thousands of U.S. dollars

No 1	Designation 2	Unit of Measurement 3	Quantity 4	Value 5
1	Machines, equipment, highway and rail vehicles, instruments, products of the electrical equipment and electronics industries, volume products of machine-building, parts	$		70,000
	Including:			
	Cooperation in the production of highway vehicles and in the motor industry	$		35,000
	Miscellaneous cooperation in industrial production	$		5,000
	Industrial accessories and fittings	$		4,000

List B/1980 (continued)

1	2	3	4	5
	Power engineering, electrical and electronic equipment and parts (including storage batteries)	$		5,000
	Pumps and parts	$		1,000
	Agricultural machines and equipment for the food manufacturing industry	$		2,000
	Parts for ships and cranes	$		1,000
	Parts for highway vehicles and garage equipment	$		4,500
	Tools and products of the metal manufacturing industry	$		5,000
2	Long-term collaboration:			
	Paper pulp for Lignimpex of Budapest (Djuro Salaj--Videm-Krsko)	t	40,000	
	Paper pulp for Lignimpex of Budapest (Matroz of Sremska Mitrovica)	t	20,000	
	Monobasic ammonium phosphate for Chemolimpex of Budapest (RTB Bor)	t	80,000	
	Triple superphosphate for Chemolimpex of Budapest (RTB Bor)	t	80,000	
3	Ferroalloys (ferrochromium, ferromanganese, ferrosilicon)	t	5,000	
4	Castings	$		1,000
5	Exchange of products of ferrous metallurgy	$		20,000
6	Products of ferrous metallurgy	$		2,000
7	Coke	t	200,000	
8	Semifinished copper products	$		1,000
9	Lead	t	1,000	
10	Zinc metal	t	5,000	
11	Metallic silicon	t	500	
12	Cable	$		1,200
13	Polyols for polyurethanes	t	2,000	
14	Monobasic calcium phosphate	t	5,000	
15	Zinc oxide	t	800	
16	Methanol	t	7,000	
17	Chemical agents for plant pest and disease control	$		1,500
18	Boric acid	t	1,000	
19	Calcium carbide	t	1,000	
20	Low-density polyethylene	t	5,000	
21	Trinitrotoluene	t	1,100	
22	Tires and industrial rubber goods	$		2,000
23	Miscellaneous chemical products	$		3,000
24	Drugs and pharmaceutical and laboratory raw materials	$		1,300

List B/1980 (continued)

1	2	3	4	5
25	Barite	t	12,000	
26	Feldspar	t	10,000	
27	Miscellaneous products of the nonmetallic minerals industry, including refractory material	$		2,000
28	Asbestos-cement pipe	t	3,000	
29	Hydrated lime	t	70,000	
30	Beech lumber	m^3	5,000	
31	Railroad ties	m^3	8,000	
32	Miscellaneous products of the wood and paper industries	$		4,000
33	Cigarette paper	$		4,000
34	Textile products, raw materials and semifinished products	$		9,000
	Including:			
	Raw materials for the textile industry	$		2,000
35	Industrially produced consumer goods	$		6,000
	Including:			
	Housewares	$		4,200
36	Books, films and miscellaneous products of the printing and publishing industry	$		1,500
37	Agricultural products and processed foods (including deliveries based on the Danube--Tisa--Danube Canal Project and tobacco)	$		10,000
38	Border commodity trade	$		12,000
39	Services (transportation, tourism, etc.)	$		80,000

List C/1980. **Exports From the People's Republic of Hungary to the Socialist Federal Republic of Yugoslavia Covered by Trade in Goods and Services and Economic Cooperation in Border Commerce, in thousands of U.S. dollars**

No 1	Designation 2	Value 3
	Industrially Produced Consumer Goods	3,350
1	Metal housewares, industrial goods and small farm machines	600
2	Products from synthetics, household chemical products and cosmetics	300
3	Miscellaneous glass products	400
4	Lamps	200
5	Textile products	1,200

List C/1980 (continued)

1	2	3
6	Furniture and components	500
7	Athletic equipment and toys	150
	Agricultural Products and Processed Foods	2,950
8	Eggs	300
9	Poultry for the food manufacturing industry	600
10	Vegetables, fresh, dried and canned	750
11	Miscellaneous agricultural products and processed foods	1,300
	Building and Other Materials	1,600
12	Building materials for flood control	1,400
13	Lime for sugar mills	200
	Products of cooperation between LIO of Osijek and Lenfono ipari Vallalat	1,500
	Exchange of assortment between department stores	2,000
	Fair exhibits	100
	Miscellaneous finishing and services	500

List D/1980. Exports From the Socialist Federal Republic of Yugoslavia to the People's Republic of Hungary Covered by Trade in Goods and Services and Economic Cooperation in Border Commerce, in thousands of U.S. dollars

No 1	Designation 2	Value 3
	Industrially Produced Consumer Goods	4,400
1	Metal housewares, industrial goods	600
2	Products of synthetics, household chemical products and cosmetics	1,500
3	Textile products	1,200
4	Furniture and components	500
5	Footwear	600
6	Plastic soles and molds	300
7	Sporting goods and toys	150
	Agricultural Products and Processed Foods	3,250
8	Canned meat products	400
9	Cigarettes	150
10	Chestnuts	300
11	Beer	2,000
12	Miscellaneous agricultural products and processed foods	400

List D/1980 (continued)

1	2	3
	Building and other materials	250
	Products of cooperation between LIO of Osijek and Lenfono ipari Vallalat	1,500
	Exchange of assortment between department stores	2,000
	Fair exhibits	100
	Miscellaneous finishing and services	500

7045
CSO: 2800/370

YUGOSLAV-CZECHOSLOVAK COMMODITY TRADE LIST, 1980

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 9, 31 Aug 81 MEDJUNARODNI UGOVORI pp 575-577

[Order of the Federal Executive Council Ratifying the Protocol on Commodity Trade Between the Socialist Federal Republic of Yugoslavia and the Czechoslovak Socialist Republic for 1980, with annexes, signed 29 October 1979 in Prague]

[Excerpt] List A/1980. Exports of Goods From the Socialist Federal Republic of Yugoslavia to the Czechoslovak Socialist Republic

No 1	Product 2	Unit of Measurement 3	Quantity 4	Value in 000 $ 5
1	Agricultural products and processed foods, including fresh fruit, vegetables, dried prunes and seed			5,500
2	Canned fish products			4,000
3	Tobacco and tobacco manufactures			12,000
4	Wine			1,000
5	Sorghum straw			1,000
6	Veneer and plywood sheets			8,000
7	Lumber			600
8	Miscellaneous paper, cardboard and paper containers			500
9	Bauxite	t	150,000	
10	Concentrated chromium ore	t	15,000	
11	Electrolytic zinc	t	5,500	
12	Zinc dust	t	4,000	
13	Rolled and drawn aluminum products, including aluminum tubing	t	2,000	
14	Rolled and drawn copper and brass products	t	1,000	
15	Miscellaneous chemical raw materials and products, including dibasic calcium phosphate, and exchange of chemical products			17,000

List A/1980 (continued)

1	2	3	4	5
16	Miscellaneous pharmaceutical raw materials, products and drugs, including veterinary preparations			6,000
17	Delivery under a special contract			8,000
18	Products of the electrical equipment industry, including telephone cable			10,000
19	Automobiles	units	2,000	
20	Machines, equipment and parts, including machine tools and agricultural machines and tractors, as well as delivery of equipment for Czechoslovak exports of power plants and other capital investment projects			50,000
21	Railroad cars, tank cars and parts for railroad cars			5,300
22	Parts and equipment for motor vehicles			8,000
23	Gears			12,000
24	Tools and instruments			3,000
25	Miscellaneous metal products, includplumbing fittings, rolling-element bearings, typewriters, etc.			5,200
26	Castings and forgings			7,200
27	Storage batteries			3,000
28	Tires and industrial rubber goods			3,500
29	Exchange of products of ferrous metallurgy			9,000
30	Textiles and textile products			17,000
31	Hemp and oakum			2,000
32	Footwear and leather products			6,000
33	Consumer goods, including furniture			15,000
34	Viscose fiber	t	3,000	
35	Electrocorundum			2,000
36	Books, films and printing services			700
37	Exchange of building materials, including asbestos-cement products			5,000
38	Erection of construction projects and construction services			35,000
39	Transportation services, including petroleum pipelines			90,000
40	Tourism			20,000
41	Miscellaneous invisibles			10,000
42	Deliveries related to industrial cooperation			60,000
43	Deliveries related to the Danube--Tisa--Danube Canal Project agreement			13,000

List A/1980 (continued)

1	2	3	4	5
44	Deliveries related to the NK [expansion unknown] agreement			25,000
45	Deliveries related to the Jadran department store			2,000
46	Cooperation in agriculture: UPI of Sarajevo, AGROKOMERC of V. Kladusa and others, with TRANSACT of Prague			3,000
47	Deliveries related to the contract between KTK of Visoko and METALIMEXA of Prague			8,200
48	Miscellaneous			6,000

List B/1980. Exports of Goods From the Czechoslovak Socialist Republic to the Socialist Federal Republic of Yugoslavia

No 1	Product 2	Unit of Measurement 3	Quantity 4	Value in 000 $ 5
1	Coking coal	t	600,000	
2	Rolled and drawn products of ferrous metallurgy, including semifinished products	t	110,000	
3	Miscellaneous products of ferrous metallurgy			5,000
4	Machines, equipment and parts, including machine tools and agricultural machines, tractors, power plants and other equipment for capital investment projects			105,000
5	Miscellaneous products of the electrical equipment industry			1,500
6	Miscellaneous metal products			2,000
7	Trucks and special vehicles			14,000
8	Automobiles	units	7,500	
9	Parts for highway vehicles and tractors			8,000
10	Parts for railroad cars			1,000
11	Rolling-element bearings			3,000
12	Tools and instruments			4,000
13	Deliveries under the special contract			10,000
14	Miscellaneous pharmaceutical raw materials and products			1,000
15	Miscellaneous chemical raw materials and products, including monoethyleneglycol, and exchange of chemical products			20,000

List B/1980 (continued)

1	2	3	4	5
16	High-density polyethylene	t	2,000	
17	Polypropylene	t	2,000	
18	Synthetic rubber	t	1,500	
19	Tires and industrial rubber goods			5,500
20	Raw and calcined clays	t	33,000	
21	Kaolin	t	35,000	
22	Exchange of building materials, including asbestos-cement products			6,000
23	Glass products, including thermal glass			2,500
24	Glass wool			1,700
25	Exchange of products of ferrous metallurgy			9,000
26	Textiles, footwear and processing materials			25,000
27	Consumer goods, including musical instruments and sporting goods			16,000
28	Wood products			6,000
29	Pulpwood			6,000
30	Miscellaneous paper, including kraft paper and scrap paper			3,000
31	Books, films and printing services			200
32	Deliveries related to industrial cooperation			60,000
33	Deliveries related to the NK contract			20,000
34	Deliveries under the aluminum contract			16,000
35	Cooperation in agriculture of UPI of Sarajevo, AGROKOMERC of V. Kladusa and others, with TRANSAKT of Prague			14,000
36	Tourism			3,000
37	Transportation services, including gas pipelines			40,000
38	Deliveries related to the contract between KTK of Visoko and METALIMEXA of Prague			8,200
39	Miscellaneous			2,000

7045
CSO: 2800/370

YUGOSLAV-POLISH COMMODITY TRADE LIST, 1980

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 9, 31 Aug 81 MEDJUNARODNI UGOVORI pp 578-581

[Order of the Federal Executive Council Ratifying the Protocol Between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the People's Republic of Poland on Mutual Delivery of Goods in 1980, with annexes, signed 7 December 1979 in Belgrade]

[Excerpt] List A/1980. Exports From the Socialist Federal Republic of Yugoslavia to the People's Republic of Poland in 1980

No 1	Item Designation 2	Unit of Measurement 3	Quantity 4	Value in 000 $ 5
1	Deliveries on the basis of cooperation and specialization			111,700
	Including:			
	Motor vehicle industry--automobiles			50,000
	Brake equipment for the motor vehicle industry			4,000
	Starters in the motor industry			600
	Automotive electrical equipment			1,000
	Trailers and semitrailers			1,000
	Industry of tractors and agricultural machines			28,000
	Spare parts alone	$2 million		
	Rail vehicle industry			600
	Electronics industry			8,700
	Electrical equipment industry			2,500
	Machine tool industry			6,500
	Woodworking machines alone	$.5 million		
	Construction and roadbuilding machine industry			2,500
	Household appliance industry and bicycles			3,000

List A/1980 (continued)

1	2	3	4	5
	Plumbing fittings industry			300
	Industry of medical equipment and instruments			3,000
2	Equipment for power engineering and the processing industry			11,000
	Including:			
	Equipment for power engineering	$9 million		
	Equipment for the processing industry	$2 million		
3	Miscellaneous machines and equipment			11,100
	Including:			
	Railroad tank cars	units	300*	
4	Buses	units	510	
5	Construction machines, subassemblies and parts			10,000
6	Machines for the textile, leather and footwear industries			1,800
7	Spare parts for IMR [Rakovica Motor Industry] motors--33			300
8	Assemblies for trucks			1,000
9	Parts for buses			5,000-6,500
10	Equipment for mining and parts			8,000
11	Products of the electrical equipment industry			2,000
	Including:			
	Transformers			
12	Tools			2,500
13	Office machines and calculating equipment			1,000
14	Ball bearings and parts			1,200
15	Metal products			3,000
16	Electrical porcelain			3,000
17	Abrasives			2,000
18	Castings			3,000
19	Semifinished aluminum products	tons	2,000	
20	Products of the wire and cable industry			3,300
21	Exchange of products of the wire and cable industry			3,700
22	Alumina	tons	135,000	
23	Metallic silicon	tons	1,500	
24	Nickel (in the form of ferronickel)	tons	2,500	

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* Delivery in the fourth quarter of 1980 with possible partial delivery in the first quarter of 1981.

List A/1980 (continued)

1	2	3	4	5
25	Ferrochromium	tons	1,000	
26	Ferrosilicon	tons	3,000	
27	Exchange between steel mills			15,000*
28	Burned magnesite	tons	15,000	
29	Refractory bricks	tons	7,800	
	Including:			
	Acid-resistance and fireclay	tons	3,000	
	Silicate	tons	2,000	
	Magnesite bricks and other shapes	tons	2,800	
30	Miscellaneous nonmetallic minerals			300
31	Bentonite	tons	18,000	
	Including:			
	Drilling and casting			
32	Asbestos products			400
33	Laboratory and industrial glass			200
34	Paper and finished paper products			1,500
35	Sorghum straw			400
36	Beech lumber	m^3	7,000	
37	Ash lumber	m^3	1,500	
38	Pharmaceutical products and raw materials			6,000
39	Products of the rubber industry			1,500
40	Aluminum hydroxide	tons	20,000	
41	PVC pellets	tons	2,000	
42	Polyvinyl acetate	tons	1,000	
43	Phthalic anhydride	tons	1,000	
44	Lampblack	tons	2,000	
45	Miscellaneous chemicals			4,000
46	Exchange of fibers and yarns for the textile industry			4,500
47	Alcoholic beverages			1,000
48	Tobacco	tons	400	
49	Freshwater fish	tons	3,400	
50	Young fish	tons	450	
51	Seed corn	tons	8,000	
52	Miscellaneous agricultural products and processed foods			2,300
53	Knitwear and other textile products			10,000
54	Exchange of materials and products of the leather industry			2,400
55	Housewares			p.m.
56	Cooperation in the production of housewares			1,000

---

* With the possibility of increasing to $25 million.

List A/1980 (continued)

1	2	3	4	5
57	Industrially produced consumer goods			9,000
58	Films, books and philatelic articles			1,000
59	Exchange of goods between organizations for domestic trade and cooperative organizations			6,000
	Including:			
	Exchange between cooperative organizations	$4 million		
60	Miscellaneous			3,000
61	Tourist services			13,000
62	Construction services			p.m.

List B/1980. Exports From the People's Republic of Poland to the Socialist Federal Republic of Yugoslavia in 1980

No 1	Item Designation 2	Unit of Measurement 3	Quantity 4	Value in 000 $ 5
1	Deliveries on the basis of cooperation and specialization			111,700
	Including:			
	Motor vehicle industry--automobiles			50,000
	Brake equipment for the motor vehicle industry			4,000
	Starters in the motor industry			600
	Automotive electrical equipment			1,000
	Trailers and semitrailers			1,000
	Industry of tractors and agricultural machines			28,000
	Spare parts alone	$2 million		
	Rail vehicle industry			600
	Electronics industry			8,700
	Electrical equipment industry			2,500
	Machine tool industry			6,500
	Woodworking machines alone	$.5 million		
	Construction and roadbuilding machine industry			2,500
	Household appliance industry and bicycles			3,000
	Plumbing fittings industry			300
	Industry of medical equipment and instruments			3,000

List B/1980 (continued)

1	2	3	4	5
2	Turnkey projects			34,000
	Including:			
	Power engineering projects	$22 million		
	Equipment for sugar mills	$4.4 million		
	Other equipment	$7.6 million		
3	Mining equipment and parts			16,200
4	Construction machines, assemblies and parts			12,000
5	Textile machines and parts			3,000
6	Tools			2,000
7	Miscellaneous machines, equipment and parts			25,000
8	Trucks and parts	units	200	
	Spare parts alone	$2 million		
9	Roller bearings and parts			5,200
10	Products of the electrical equipment industry			500
	Including:			
	Transformers			
11	Office machines and calculating equipment			1,000
12	Parts for buses			2,000
13	Metal products			3,000
14	Abrasives			1,000
15	Rolled products	tons	80,000*	
16	Exchange of products of ferrous metallurgy			15,000**
17	Exchange of products of the wire and cable industry			3,700
18	Coking coal	tons		p.m.
19	Bituminous or better coal	tons	120,000	
20	Graphite electrodes			400
21	Sulfur	tons	60,000	
22	Synthetic rubber	tons	1,200	
23	Pharmaceutical products and raw materials			1,000
24	Products of the rubber industry			1,500
25	Paints and pigments			4,000
26	Dibasic ammonium phosphate			4,000
27	Lye	tons	15,000	
28	Ammonium sulfate	tons	10,000	
29	Polypropylene	tons	5,000	
30	Carbon disulfide	tons	12,000	

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* With the possibility of an increase, provided specifications are agreed on.

** With the possibility of increasing to $25 million.

List B/1980 (continued)

1	2	3	4	5
31	Melamine	tons	2,000	
32	Nitric acid	tons	10,000	
33	Miscellaneous chemicals			8,000
34	Cement	tons	200,000	
35	Refractory raw materials			1,600
36	Miscellaneous nonmetallic minerals			500
37	Pulpwood of softwood species	m^3	40,000	
	Including:			
	[?] contracts carried over	m^3	20,000	
38	Softwood lumber	m^3	15,000	
39	Scrap paper			400
40	Paper and miscellaneous paper products			1,000
41	Exchange of fibers and yarns for the textile industry			4,500
42	Glass, industrial and for construction			2,000
43	Vodka			500
44	Frozen fish	tons	4,000	
45	Miscellaneous agricultural products and processed foods			5,100
46	Products of the textile industry (fabrics, knitwear and accessories)			10,000
47	Exchange of materials and products of the leather industry			2,400
48	Cooperation in the housewares industry			1,000
49	Crystal and glass for furniture			700
50	Porcelain, porcelite and ceramics			2,000
51	Industrially produced consumer goods			5,000
52	Films, books and philatelic articles			100
53	Exchange of goods between organizations for domestic trade and cooperative organizations			6,000
	Including:			
	Exchange between cooperative organizations	$4 million		
54	Miscellaneous			3,000
55	Tourist services			3,000

7045
CSO: 2800/370

YUGOSLAV-MONGOLIAN COMMODITY TRADE LIST, 1980

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 9, 31 Aug 81 MEDJUNARODNI UGOVORI pp 583-584

[Order of the Federal Executive Council Ratifying the Protocol on Mutual Delivery of Goods Between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the Mongolian People's Republic for 1980, with annexes, signed 24 January 1980 in Ulan Bator]

[Excerpt] List A. Exports From the Mongolian People's Republic to the Socialist Federal Republic of Yugoslavia in 1980

No 1	Commodity Designation 2	Unit of Measurement 3	Quantity or Value 4
1	Intestines (sheep and goats)	Thousands of bundles	125
2	Other intestines	Thousands of accounting dollars	120
3	Wild boar meat	Tons	8
4	Rabbit meat	"	25
5	Venison	"	35
6	Wild fowl	Thousands of birds	120
7	Camel hides	Thousands	35
8	Sheep skins	"	20
9	Groundhog hides	"	10
10	Goat hair	Tons	17
11	Coarse mane	"	25
12	Deer horns	"	7
13	Souvenirs and products of folk handicrafts	Thousands of accounting dollars	60
14	Miscellaneous goods	"	100

List B. Exports From the Socialist Federal Republic of Yugoslavia to the Mongolian People's Republic in 1980

No 1	Commodity Designation 2	Unit of Measurement 3	Quantity or Value 4
1	Factory-made garments	Thousands of accounting dollars	500
2	Knitwear	"	220
3	Leather footwear	Thousands of pairs	25
4	Drugs	Thousands of accounting dollars	100
5	Bay leaves	Tons	1
6	Cigarettes	"	10
7	Automatic dialer, Model ATV-12-50	Complete units	6
8	Plumbing and industrial fittings	Thousands of accounting dollars	430
9	Electric hot plates	Thousands	10
10	Egyptian cotton thread	Tons	5
11	Miscellaneous goods	Thousands of accounting dollars	200

7045
CSO: 2800/370

YUGOSLAV-CHINESE COMMODITY TRADE LIST, 1980

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 9, 31 Aug 81 MEDJUNARODNI UGOVORI pp 585-587

[Order of the Federal Executive Council Ratifying the Protocol of the Second Meeting of the Yugoslav-Chinese Commission for Commodity Trade, with annexes, signed 26 December 1979 in Belgrade]

[Excerpt] Indicative Commodity List . Yugoslav Exports to PR China for 1980

No 1	Commodity Designation 2	Unit of Measurement 3	Quantity or Value 4
1	Sugar	t	50,000
2	Cellulose fiber	t	5,000
3	Rayon	t	500
4	Copper sulfate	t	7,000
5	PVC	t	4,000
6	Miscellaneous paints and varnishes	$	3,000,000
7	Cellulose pulp	t	10,000
8	Cellulose	t	15,000
9	Paper	t	5,000
10	Polyester fiber	t	1,000
11	High-density polyethylene	t	1,000
12	Sodium hydroxide	t	5,000
13	Plywood	m^3	5,000
14	Welded galvanized pipe	t	20,000
15	Fittings	$	2,000,000
16	Machine tools	$	500,000
17	Tractors	--	--
18	Grain combines	units	168
19	Combine attachments for rice harvesting	units	69
20	Combine attachments for corn harvesting	units	32
21	Miscellaneous machines and equipment	$	15,000,000
22	Ships	units	15
23	Marine engines	units	18

Indicative Commodity List of Chinese Exports to the Socialist Federal Republic of Yugoslavia for 1980

No 1	Commodity Designation 2	Unit of Measurement 3	Quantity or Value 4
1	Tung oil	t	200
2	Peanuts in the shell	t	1,000
3	Cotton fabrics	$	4,000,000
4	Silk fabrics and brocade	$	4,000,000
5	Raw silk fabrics	$	3,000,000
6	Other textile products	$	2,000,000
7	Honey	t	3,000
8	Cacao beans	t	300
9	Cacao cake	t	300
10	Tea	t	100
11	Miscellaneous spices	$	1,000,000
12	Walnuts and other nuts	$	1,500,000
13	Essential oils	$	100,000
14	Miscellaneous hides	$	7,000,000
15	Salted intestines	$	1,500,000
16	Hog bristles and horsehair	$	2,000,000
17	Horns, hooves and fish bones in pellet form	$	1,000,000
18	Feathers	$	1,000,000
19	Dried fruit	$	1,000,000
20	Colophony	t	1,000
21	Rugs (carpets)	$	1,000,000
22	Miscellaneous furs	$	500,000
23	Office and school supplies	$	1,000,000
24	Sporting goods	$	1,000,000
25	Toys	$	1,500,000
26	Other products of light industry	$	3,000,000
27	Miscellaneous footwear	$	2,000,000
28	Parts for umbrellas	$	1,000,000
29	Musical instruments	$	1,000,000
30	Photographic and cinematographic cameras and binoculars	$	1,500,000
31	Enamelware, eating utensils and household appliances	$	2,000,000
32	Timepieces	$	1,500,000
33	Paper products	$	500,000
34	Rubber and plastic products	$	500,000
35	Petroleum	t	100,000
36	Gasoline	t	100,000
37	Petroleum coke with low sulfur content	$	400,000
38	Paraffin	$	500,000
39	Paints	$	600,000
40	Silicon carbide	$	5,000,000
41	Pharmaceutical raw materials	$	5,000,000

Indicative Commodity List of Chinese Exports to the Socialist Federal Republic of Yugoslavia for 1980 (continued)

1	2	3	4
42	Chemical raw materials	$	3,000,000
43	Embroidery	$	3,500,000
44	Porcelain		
45	Handicrafts (of straw, bamboo, wood, leather, glass and other materials)	$	1,500,000
46	Coking coal		
47	Tungsten	t	25
48	Antimony ore (approximately 25-30 percent antimony)	t	3,000
49	Mercury	t	10
50	Tin	t	200
51	Ferrotungsten	t	100
52	Ferrotitanium	t	50
53	Ferromolybdenum	t	50
54	Ferrophosphorus	t	200
55	Ferrovanadium	t	50
56	Calcined bauxite	t	10,000
57	Raw magnesite	t	15,000
58	Fluorite	t	4,000
59	Talc, powder	t	40
60	Mica, flake	t	250
61	Miscellaneous tools	$	1,000,000
62	Synthetic diamonds	$	250,000
63	Measuring instruments	$	500,000
64	Miscellaneous machines and equipment	$	15,000,000

7045
CSO: 2800/370

BRIEFS

ALBANIAN-SLOVENIAN TRADE--Ljubljana, 2 October--There is a shortage of light bulbs in the shops. In Metalka they have in stock 25 w., 40 w. and 60 w. bulbs, with small coils. In Maximarket they have 40 w. bulbs, colored and plain, also with small coils. In the Elektrotehna shops they have 25 w., 40 w. and 60 w. bulbs and they expect a shipment of 40, 60, 75 and 100 w. bulbs with regular coils next week. An additional 100,000 light bulbs will be imported from Albania. [Excerpts] [Ljubljana DELO in Slovenian 3 Oct 81 p 2]

CSO: 2800/15

GRAIN PRODUCTION RESULTS EXAMINED

Sofia KOOPERATIVNO SELO in Bulgarian 2 Sep 81 p 1

[Report by Toma Khristov and Emil Ivanov]

[Text] The major strategic task set by the 12th BCP Congress of achieving a fast upsurge in the production of food and fodder grain is the basis of the plans and accomplishments of agricultural workers throughout the country. In the very first year of the five-year plan, despite adverse weather conditions, satisfactory results were obtained from the autumn grain crops. Compared with last year, average yields per decare rose by 39.4 kg for wheat and 50.8 kg for barley. The farmers in six okrugs decisively crossed the 500 kg average yield per decare. For the fifth consecutive time Razgrad Okrug took first place among grain producers with 561 kg of wheat and 493 kg of barley per decare. Many APK [Agroindustrial Complexes] and brigades reached record yields of 600-700 kg per decare.

Many weaknesses, however, are paralleling these successes. The desired turn in production on the basis of the full utilization of all intensive factors, as stipulated by the congress' decisions, was not reached everywhere.

Higher grain production from autumn crops is an exceptionally important problem not only for agriculture but for our entire people. This was the topic of yesterday's expanded plenum of the Central Council of the National Agroindustrial Union, held in Sofia, with the participation of the BCP Central Committee Agricultural Department. The meeting was attended by Angel Bobokov, head of the BCP Central Committee Agricultural Department, Dimitur Karamukov and Nikolay Georgiev, BZNS [Bulgarian Agrarian National Union] Standing Committee secretaries, secretaries of okrug BCP committees in charge of agriculture, senior personnel of the BCP Central Committee and Council of Ministers apparatus and of ministries and central departments, chief inspectors of main directorates of the NAPS [National Agroindustrial Union], managers and specialists of OAPS [Okrug Agroindustrial Unions] and of APK, general directors of state economic trusts and scientific production trusts, scientific workers, heads of industrial production brigades and frontranking workers.

The meeting was chaired by Vasil Tsanov, BCP Central Committee secretary.

The report "On Further Intensification of Grain Production from Autumn Crops" was delivered by Aleksandur Petkov, chairman of the Central Council of the NAPS (published separately in this issue with abbreviations).

The report, which triggered the great interest of those present, was followed by statements and constructive suggestions.

Tson'o Markov, Razgrad Okrug BCP secretary, describes the experience and problems resolved by grain producers in Razgrad Okrug. In substantiating the great importance of strains and strain structure in the success achieved by the okrug, he stressed the need for the High Grade Seeds and Planting Material NPO [Scientific-Production Trust] to become an organization for the application of the greatest achievements of Bulgarian and world selection.

Zapryanka Zdravkova, head of an industrial production brigade at Kon'ovo village, Sliven Okrug, and Stanko Georgiev, head of a new-type industrial production brigade in Byala Slatina, shared their experience.

Senior Scientific Associate Aleksandur Karaivanov, director of the Wheat and Sunflower Institute near General Toshevo, discussed Bulgarian achievements in wheat selection.

The experience of Pleven Okrug in the organization of control activities in the autumn crop grain production was described by Nikola Kostadinov, chairman of the OAPS control council.

After stressing that the achieved successes were the result of substantial changes which had been made in the style and method of work of party and economic cadres in many okrugs and APK, and pointing out that comprehensive grain production intensification had not been reached, Comrade Vasil Tsanov stated:

At the current stage of agricultural development, a turn toward increasing grain production can be achieved only on the basis of the accelerated and comprehensive application of the latest achievements of science and leading experience and above all through the fullest possible utilization of the biological possibilities of the strains. With the existence of a major genetic potential and a relatively high level of material and technical supplies, the new technologies and technological solutions must play a revolutionizing role in ensuring an upturn in grain production. In this connection, he discussed the role of reduced cultivation in ensuring good quality preparation of the soil and sowing in terms of lowering material outlays and increasing production results. He paid particular attention to comprehensive chemization which offers the greatest possibilities for increasing output and reducing its cost.

Strict Specific Technological Discipline is the New Name for Success in Grain Production Today

Comrade Vasil Tsanov stressed the great and decisive role of the brigade organization of labor and discussed what must be done in the future. This very year all the necessary conditions must be secured for increasing labor productivity through the fullest possible utilization of machine systems, fertilizers and chemicals.

He then discussed the major role of the party committees and organizations, a role which must be raised to the level of the new requirements. Increased grain production will be fully successful when it is headed and managed specifically, efficiently and on a broad scale by party committees and organizations. The extensive use of new technologies and strict observance of technological discipline must become the main features of their work. The new organization and new technologies must become the guiding principles of the daily work of all specialists. The fate of the important and responsible assignments which the party has set for our agriculture has always depended on the efforts of our primary managers and specialists. The task now is for them to prove yet again their initiative and innovative approach to the work. They must undertake the raising of our grain production to the level of world standards ambitiously and firmly. This is the major task which the party is assigning to the specialists and agriculture works, Comrade Tsanov emphasized.

The speaker further pointed out that increased wheat and barley yields in 1982 will depend largely on the timely and high-grade preparations of the areas and the seeds. The implementation of these tasks is lacking in many parts of the country and if the work were to continue at the present pace, plans will remain wishes only. The reasons for this are subjective. The organization of labor must be improved within the shortest possible time and all available equipment must be used most fully.

Finally, Comrade V. Tsanov discussed the implementation of some current agricultural tasks. Despite the relatively improved organization of the harvest, this year the picking of some fruits and vegetables, mainly tomatoes, green peppers, onions and peaches has fallen behind. Shumen, Silistra, Yambol and other okrugs are behind in harvesting their tomato crop; Mikhaylovgrad and Silistra Okrugs are behind in harvesting the green pepper crop, while Varna Okrug is behind in harvesting the onion crop. Vratsa, Mikhaylovgrad and Yambol Okrugs are behind in picking the oriental tobacco, while Mikhaylovgrad, Plovdiv, Turgovishte and other okrugs are behind in picking the wide-leaf tobacco crop. There are also delays in the purchasing and export of tomatoes and peppers.

This situation regarding the harvesting, purchasing and export of produce, particularly of fruit and vegetables, demands an immediate critical analysis of the existing organization and the adoption of fast measures. Each okrug and APK must review its schedules and ensure the fullest and most expedient utilization of brigade labor. Particular attention must be paid to material incentives. The work of food industry enterprises may be controlled most closely and their capacities must be used to the fullest extent.

There are delays also in the fulfillment of the plan for the purchasing of meat, milk and eggs, mainly from private plots. This calls for the adoption of measures in all okrugs and complexes. Attention must be focused mainly on improving the feeding and care of the livestock, ensuring the processing of roughage and decisively improving the organization of the work in livestock farms.

Changes were made in the membership of the NAPS Central Council which elected Rumen Boyadzhiev first deputy chairman of the NAPS Central Council Executive Committee and Tseno Khinkovski and Nikolay Tsonev deputy chairmen.

Speech by Aleksandur Petkov, NAPS Central Council Chairman

Sofia KOOPERATIVNO SELO in Bulgarian 2 Sep 81 p 2

[Text] Today's expanded session of the National Agroindustrial Union Central Council is dedicated to one of the most important problems in agriculture--the further intensification of autumn crop grain production.

It is not our purpose to go over the agrotechnology and means used in growing wheat and barley, in the old and traditional manner. The task is to assess in accordance with the decisions of the 12th BCP Congress the most essential and basic aspects of the growing of wheat and barley on an intensive basis, determine weaknesses in the application of technical progress and see what we lack and what we must do.

This task calls above all for full material and technical backing of the production process. Unquestionably, this is the main, the basic feature. However, it imperatively imposes new and stricter requirements regarding the precise use of technology. Any deviation from technological requirements will bring about far more serious consequences. It will reduce yields and increase production outlays considerably. Consequently, we cannot discuss intensification merely from the point of view of material resources but must speak of the overall intensification of grain production. More than ever before we need discipline, responsibility and intolerance of weaknesses. Only thus can we resolve the main strategic task formulated by the 12th party congress: the drastic increase in grain production, which is the basis of our entire agriculture.

In the public farms within the NAPS system, the average yield per decare this year reached 438 kg for wheat and 377 kg for barley. These achievements are record setting in terms of our country. In the case of wheat we crossed the 400 kg of grain per decare barrier.

The plan for the production of wheat and barley was overfulfilled. Compared with 1980 wheat production rose by 552,000 tons, which is a new production record.

We are pleased by the fact that this success was reached thanks to the full utilization of intensive factors. Compared with last year, average yields per decare rose by 39.4 kg for wheat and 50.8 kg for barley.

For the fifth consecutive time Razgrad Okrug obtained the highest yields per decare, averaging 561 kg for wheat and 493 kg for barley. Ruse Okrug averaged 544 kg of wheat and 479 kg of barley. Noteworthy are the results obtained in Tolbukhin Okrug, where on an area of 1,244,000 decares wheat production averaged 530 kg per decare with a total of 660,000 tons of grain, or 73,000 tons more than last year; a total of 442,000 tons were sold to the state, or 19 percent of the entire food grain sold in the country. Preliminary estimates show that wheat growing in Tolbukhin Okrug has the lowest production cost.

Silistra, Varna and Shumen Okrugs averaged more than 500 kg per decare. Exceptionally high wheat yields were obtained by the APK in Yuper Village, Razgrad Okrug, 628 kg per decare; Ruse Okrug, 610 kg; and Kavarna, Tolbukhin Okrug, 601.5 kg. The APK in Kameno, Burgas Okrug, was in a leading position this year for barley production, with 565 kg per decare, followed by the APK in Kubrat, with 561 kg.

Possibilities of obtaining the highest possible wheat yields were tested with the use of intensive technology developed by the Wheat and Sunflower Institute near General Toshevo. The industrial production brigades at Dyankovo Village from the Razgrad APK and Senovo Village from the APK in Senovo Village obtained from 1,000 decare areas, respectively, 1,059 and 1,029 kg of grain per decare. These results indicate the levels to which we must aspire.

There is progress but there is no major change in the work as a whole in all areas and okrugs in the country.

This is confirmed by this year's results, which show that different yields have been obtained with identical or similar production conditions and material and technical facilities.

Disparities between the highest and lowest average yields are substantial: 77 kg of wheat per decare and 132 kg of barley per decare, in the okrugs of northern Bulgaria. Major disparities are found also between neighboring okrugs operating under similar conditions. Thus, Shumen Okrug averaged 502 kg of wheat per decare and Veliko Turnovo Okrug averaged 443 kg, or a difference of 59 kg; Mikhaylovgrad Okrug averaged 407 kg of barley per decare, compared with 277 kg averaged by Vidin Okrug.

Disparities in average yields over the past 2 years are particularly indicative in the case of Sliven and Stara Zagora Okrugs. Despite relatively less favorable soil conditions, Sliven Okrug is producing substantially higher wheat and barley yields.

Disparities exist also in the average wheat and barley yields of APK and brigades which work under virtually identical conditions.

Thus, for example, the APK in Nova Zagora averaged 517 kg per decare of wheat whereas the neighboring APK in Radnevo averaged 406 kg; the average yield of the Sredets APK in Sofia was 450 kg per decare, whereas the APK in Elin Pelin averaged 324 kg. In Shumen Okrug the APK in Venets Village averaged 515 kg of wheat per decare while the APK in Dibich Village averaged 461 kg.

Substantial disparities exist also among industrial production brigades within the same okrug. The industrial production brigade at the APK in Burgas averaged 703 kg per decare of wheat, compared with 495 kg which the industrial production brigade of the APK in Pomorie averaged. In Vratsa Okrug, in the Byala Slatina APK, industrial production brigade No 1 averaged 619 kg per decare while the brigade in Selanovtsi Village of the APK in Oryakhovo, which worked under better conditions, averaged 479 kg.

The legitimate question arises as to the reasons for such major disparities.

Let us take into consideration the fact that the lower results achieved by some okrugs and the major disparities between individual production units have been influenced somewhat by adverse weather conditions such as the particularly severe drought in southern Bulgaria. Furthermore, in the 1980-1981 farming season, the necessary fertilizers and herbicides were not procured on time everywhere for the autumn crops. Also insufficient was the quantity of wheat and barley harvesting equipment. The resupplying of the farms with highly productive machines is taking place at a slow rate.

However, it would be a major error to ignore or fully excuse the role of the subjective factor: The work of the state and agricultural organs, organizations and cadres.

Al. Petkov went on to say that the study of successes and weaknesses shows the existence of objective conditions for increasing grain production in all okrugs and APK.

This can be accomplished, he emphasized, only through the accelerated intensification of grain production, based on the latest achievements of scientific and technical progress and leading experience. The objective which we set ourselves is to obtain additional grain production above the state-planned assignments for the Eighth Five-Year Plan and, the very next year, to average for the country at large 460 kg of wheat and 400 kg of barley per decare, thus increasing such crop yields by 820,000 tons compared with this year.

In the droughty areas of southern and eastern Bulgaria, where virtually every year corn and other spring crop yields from nonirrigated areas are lower than those of wheat, we shall convert to the extensive single-crop growing of wheat or other autumn crops, using a special technology and new intensive methods, mainly chemization.

What are the factors which determine the further intensification of wheat and barley production?

First. Fuller utilization of the biological possibilities of the strains.

The stricter requirements concerning growing conditions are those of strains with higher productive possibilities such as Pliska, Charodeyka, Kardam, Vratsa, Sadovo 1, Trakiya, Yubiley and Zlatna Dolina. These strains must be sown on the most fertile soils in the flat areas with good preceding crops. Their share in the strain structure must be increased steadily, for they allow the use of more intensive technology. Basically, they are more suitable for northern Bulgaria. Some of them, however, such as Trakiya, Vratsa and Charodeyka, can be successfully used in southern Bulgaria as well.

Less demanding while still high yielding are the Kiten, Kaliakra 2 and Kubrat 1 strains. They could be planted on weaker soils and on elevated and slanted areas in northern and southern Bulgaria, with moderate and well-balanced fertilizing.

Sadovo 1, Dobrudzha 1, Skitiya and others are intermediary strains with very good plasticity. They yield high and stable crops and good returns under a variety of conditions, particularly after later preceding crops. Sadovo 1 and Sadovo Super are very suitable for use in southern Bulgaria.

The most suitable in the high elevation plains and the foothill areas are strains with a longer vegetation period and higher stems, such as Kubrat 1, Kremena and Ludogorka.

The use of highly intensive strains, their proper zoning and the fullest possible utilization of their biological possibilities calls for elevating strain support, seed production, seed control and seed storage work to a higher qualitative level.

The practice of the accelerated multiplication of new highly productive strains is proper. So far, however, this process has been left to the initiative of the OAPS and APK. It is neither guided nor controlled. In practice, this leads to strain pollution. In this case the fault is exclusively that of the scientific institutes, the High Grade Seeds and Planting Material Trust and the Seed Control Inspectorate, which are unable to control this process and have been outstripped by practical experience, although in many cases this has been achieved at the expense of the quality of the new strains. That is why the quality of the seeds and the accelerated multiplication and zoning of the strains must be specially controlled by the specialized seed production organs.

Second. New solutions may be found in the area of preparing the soil for autumn crop sowing.

Third. Deadlines for sowing and sowing norms must be observed strictly.

Planting crops with the best possible density (700-800 ear-bearing suckers per square meter) is an important prerequisite for high and stable autumn crop yields. The time of sowing and the sowing norm are of decisive importance in reaching this objective.

Every year the country is late in sowing autumn crops on an area of more than 1.5 million decares. This drastically lowers yields by 100-120 or more kg per decare.

It has become the practice of many okrugs, such as Sofia, Kyustendil, Pernik, Pleven, Veliko Turnovo and others, to ignore such deadlines and drag out the sowing campaign excessively. It is frequently considered that the sowing campaign ended within the proper time although this does not correspond to the truth. Actually, we are kidding ourselves and then start looking for objective reasons.

Another important prerequisite is the quality of the sowing. Here again there are many omissions: The seeds are unevenly planted. Unsowed strips are left between two runs of the sowing machine; the edges of fields and around poles remain unused. Although everyone knows of such omissions, they are not being corrected, for most specialists and mechanizers have already become accustomed to them. That is why the quality of the sowing must be checked twice: immediately after the work and after the sprouting. The system of paying the mechanizers must be changed as well: they must be paid 50 percent after the sowing and the balance after the sprouting. Managers and specialists in industrial production brigades and agroindustrial complexes must be held liable for substandard sowing.

We must not underestimate the proper determination of the sowing norm based on specific conditions.

The best sowing norms (450-600 germinating seeds per square meter for wheat and 350-400 for barley) must be differentiated in accordance with the characteristics of the strain, the quality of the presowing cultivation and the time of sowing. Gross errors are frequently made by allowing high sowing norms in early sowing strains and low norms in late sowing and under adverse conditions. Norms below the best ones are admissible only with the accelerated multiplication of new strains.

Four. New features in fertilizing and plant production of wheat and barley must be given extensive support.

Fertilizing is a most intensive factor in winter crop technology and played a decisive role in the good results obtained this year. Even under the conditions of the most droughty areas in southern Bulgaria this year, wherever adequate fertilizer was used, good results were achieved.

Fertilizing offers many additional unused possibilities for further production intensification in our wheat and barley growing. It must be organized on a strictly scientific basis, according to soil and plant requirements. In this respect the N. Pushkarov Study and Design Institute must play a decisive role. This requires a change in its current workstyle and method of taking soil samples and determining the need for fertilizer in accordance with soil types. Formalism in the drafting of the tables must be eliminated. Such tables must be of effective use to specialists in their work, rather than be left unused in their offices.

The experience of Razgrad, Ruse, Tolbukhin, Burgas and Sliven Okrugs, which converted to a new fertilizing system with a balanced ration of nitrogen, phosphorus and potassium, must be applied in all okrugs this very year. It is not a question of fertilizing in the conventional meaning of the term but of feeding the plants. The nitrogen system in the soil must be controlled throughout the entire vegetation period. In this respect both Bulgarian and foreign fast methods have been developed for determining the amount of nitrogen in the soil. Their practical utilization must be accelerated.

The fertilizing of wheat and barley must always be combined with the fertilizing of the other crops within the crop rotation system. We must eliminate the tendency to engage in groundless intensive nitrogen fertilizing of rich chernozem soils and fertilize more heavily undernourished crops, particularly those growing on the underproductive soils of the mountainous and foothill areas of Burgas, Yambol, Khaskov, Sliven, Kyustendil and other okrugs.

Early winter fertilizing with the full nitrogen norm, particularly in slanted areas, and the late use of carbonide in droughty soils, for the sake of feeding the autumn crops, involves substantial losses and must not be allowed.

The experience of Razgrad Okrug in multiple application of nitrogen must be used more extensively throughout the country, particularly in the rugged areas of mountainous and foothill parts of the country as a correcting fertilizer for undernourished crops and in conversion to superintensive technologies for the raising of maximally high yields.

The further intensification of wheat and barley growing requires the use of potassium fertilizers. They must be applied not only in soils lacking potassium but in soils where potassium is in adequate supply, but where intensive technologies are being used.

Leaf fertilizing plays a major role in increasing autumn crop yields. Its use must be increased, particularly when conditions for effective correcting soil fertilizing are lacking (lateness). This can be combined successfully with the struggle against pests and diseases.

Under contemporary conditions of intensive grain production the quality and quantity of the grain are directly related to the extent of the struggle against weeds, diseases and pests. Our work so far indicates that this can be effective only if developed within the crop rotation system.

As a result of the systematic use of the same fertilizers, in recent years the density of resistant weeds has increased (Vratsa, Veliko Turnovo and Vidin). The amount of wheat weeds has increased and reached threatening dimensions in some okrugs (Vidin, Khaskovo. Sliven, Stara Zagora and others). Currently wild oats may be found throughout the country. About 22 percent of the areas in barley and 18 percent of those planted in wheat are with weeds. The situation with the stable wide-leafed weeds is even worse.

In many okrugs (Gabrovo, Kyustendil, Lovech, Turgovishte and others) weeds have grown on a comprehensive basis, covering from 30 to 80 percent of the area in autumn crops.

The task is this very autumn to undertake the struggle against wheat weeds in all okrugs, for which purpose the necessary herbicides are being procured.

This is a major task which must be taken under control and successfully carried out under the guidance of specialists from the Agrochemical Services DSO [State Economic Trust], the OAPS and the APK.

Heavy losses are inflicted on wheat and barley by their enemies such as the grain bug, the aphid and the darnel ryegrass. In some areas heavy losses on autumn crops are caused by the wheat bulb fly and, last but not least, the field mice. The necessary chemicals are being secured for the struggle against all such pests.

In order to eliminate these and other weaknesses in plant protection, it is imperative to reorganize the work of the Agrochemical Services DSO, by improving forecasting and reporting, upgrading the skill of specialists and performing cadres and undertaking the prompt use of the latest herbicides.

Greater intensification, increased percentage of one-crop cultivation and improved yields require the more extensive use of biological stimulators and plant regulators. Particular attention must be paid not only to the presowing treatment of the seeds for the loose smut but to spraying the crops against lodging, using retardants against root rot, the powdery mildew and the ear blight in wheat. The use of fungicides such as Baytan, Fundazol and Bayleton and of the new retardants must go beyond the experimental area and be produced in bulk. We must most daringly broaden areas planted in seeds subjected to laser treatment.

Five. Some basic aspects of raising two consecutive wheat crops.

Because of the developed structure of the crops, under our conditions the sowing of two consecutive wheat crops is inevitable in some parts of the country. For the country at large, today 3-3.5 million decares of barley and 21 percent of the wheat are cultivated as a single crop. In connection with the stipulation that areas in corn must be reduced and more wheat planted in the area of the Black Sea and in southern Bulgaria under nonirrigated conditions, these areas will be expanded by yet another 4.3 million decares, 2 million of which will be in wheat alone.

The following question arises: Could yields close to or similar to those obtained from areas with a preceding trench crop be obtained?

The experience of some countries advanced in this respect, the studies conducted by our institutes and the experience of some APK indicate that not only barley but wheat grown as a single crop could yield high and stable harvests on the basis of a strictly defined technology.

What is its nature? It is the following:

The timely allocation of areas and the burning of the stubble;

Immediately after the burning, the soil must be plowed to a depth of 18-20 cm;

More fertilizer must be used with complete balancing of nitrogen, phosphorus and potassium, with 25 kg of nitrogen, 18 kg of phosphorus and 15 kg of potassium per decare, together with the necessary additions of microelements;

The mandatory treatment of the seeds for root rot with Baytan, Fundazol or Benleyt;

The selection of strains which are most resistant to root rot and ear blight;

Mandatory treatment of the crops in spring with fungicide systems such as Bayleton and TIL-250 for fungal diseases;

The use of retardants against lodging and of other biologically active agents.

The speaker went on to draw particular attention to upgrading barley yields as a major reserve for increasing grain production.

We pay particular attention to barley production, said he, for every year we plant about 4 million decares in barley in the country, yet the yields are low and unsatisfactory, ranging between 320 and 330 kg. This was the first year in which we averaged 377 kg per decare.

To begin with, we must abandon the view that we have no suitable strains for high yields. The results which I indicated at the beginning of this report on high yields obtained by individual APK and industrial production brigades and yields of 900 to 1,000 kg per decare in production experiments conducted at the Barley Institute in Karnobat indicate the substantial and unused reserves which exist with the strains at our disposal. The reason for their lack of use is the erroneous practice in many okrugs and APK which are organizing their barley production on the basis of a single strain, which leads to the adverse consequences of single-strain cultivation.

Secondly, we are insufficiently familiar with the production technology for this crop. Practical experience indicates that we are not properly familiar with the decisive aspects which determine the size of the crop.

The preparation of the soil and the sowing are substandard. Frequently the sowing is done too early, as a result of which the crops are dense and disease-prone starting with the autumn. This year again, as a result of the very early sowing, such crops were noted in Vidin, Mikhaylovgrad and Tolbukhin Okrugs, some of which had to be replowed in the spring. This practice must be terminated and the most favorable sowing periods observed.

Thirdly, the great importance of fertilizers and plant protection is underestimated.

Some of the basic reasons for low barley yields are improper use of fertilizer and of plant protection means. The stipulations issued on the use of fertilizer in wheat are equally applicable to barley. However, some characteristics exist in this case which are not understood and erroneous methods are applied. Particularly important in the case of barley is the proper ratio among nitrogen, phosphorus and potassium, which is usually violated. A characteristic feature in nitrogen fertilizing is its application depending on the condition of the plants. Nitrogen must be applied on two separate occasions: the first during the most favorable period and the second at the stalk shooting stage.

Barley is subject to lodging. That is why the use of retardants in this case is more important than in wheat.

We can no longer tolerate the high percentage of contamination with the stinking smut, which is another reason for the reduced yields although adequate chemicals exist to fight it. The time has come to find out who is responsible for this type of work.

The Barley Institute in Karnobat bears a high share of responsibility for the low results. Unlike the Wheat and Sunflower Institute near General Toshevo, it was unable to develop a specific technology by okrug and microrayon. Also insufficient is the practical assistance which it is giving to the APK. The level of its selection work is low. So far it has not developed Bulgarian strains consistent with the new requirements.

The chairman of the NAPS Central Council emphasized the importance of the industrial production brigades as the main factor in increasing autumn crop grain yields.

The high results achieved in wheat and barley production, said he, are due largely to improvements in the brigade organization of labor in accordance with party stipulations and the decisions included in the theses of the BCP Central Committee Politburo based on the report by Comrade Todor Zhivkov delivered at the National Conference of the Party, State and Agricultural Aktiv, held on 2 April 1980.

This year 160 feed grain new-type brigades were organized in the country. They cultivate 25 percent of the overall area planted in wheat and barley. According to preliminary estimates, they account for 27 percent of the country's overall output, averaging for all brigades 495 kg of wheat and 425 kg of barley per decare. Yields far exceeding the country's average for such crops have been reached.

Also indicative are the economic results of the industrial production brigades. Good economic results were achieved by the brigades in Lozenets, Shabla and Zakhari Stoyanovo Villages in Tolbukhin Okrug; in Boyanovo Village and the OSPZ in Bezmer, Yambol Okrug; in the Dobrotitsa Village, Silistra Okrug; in Vulchi Trun and Odurne Villages, Pleven Okrug; by the Second Brigade in Byala Slatina and the brigade in Zhitnitsa, Varna Okrug and others.

Some brigades obtained low production results, such as those in Vulchedrum, Mikhaylovgrad Okrug; Oryakhovitsa, Pleven Okrug and Vyatovo, Ruse Okrug.

The conclusion of the obtained production and economic results is that the new-type brigades are the most suitable organizational form through which the principles of the economic approach and cost-effectiveness and of the further intensification of grain production can be applied most successfully.

It is the belief of the NAPS Executive Committee that in order to reach even greater results in grain production in the future, the agricultural organizations must undertake as their prime task the comprehensive development of new-type brigades, covering the entire grain production process. Practical results indicate that we have grounds for converting from experimentation with to mass use of the new brigade organization.

It is the primary task today of all APK administrative councils and all agricultural organizations to focus their efforts on bringing up to date the engineering plans drafted last year but as yet unapproved and the formulation of new ones so that, by the end of this year, we may establish and develop in all agricultural organizations new-type brigades in charge of the entire grain production system.

The new tasks, Al. Petkov pointed out, require the full mobilization of the forces of scientific research and engineering-application organizations within the NAPS system, for the sake of providing consistent and systematic scientific management in the autumn campaign.

It is necessary, above all, to issue within the immediate future strict and scientific technological rules governing the implementation of the new measures.

Comrades:

We are on the threshold of the most important and most difficult campaign in agriculture--the autumn campaign. Its successful implementation will determine not only the spring crop and the fulfillment of this year's plan but the solution of the main problem of obtaining higher wheat and barley yields. This calls for the full mobilization of the forces of all farm workers, mechanizers, specialists and managers.

Such are the more important questions to which I was instructed to draw your attention. Allow me to re-emphasize in conclusion that the task we are setting ourselves is a very big one and calls for the adoption of exceptional measures, above all by the cadres and working people within the NAPS system.

At the same time, we are confident that we shall continue to enjoy the total support of party, state and public organs and organizations for the successful implementation of this year's plan and for achieving an even more bountiful harvest next year.

5003
CSO: 2200/1

COAL MINING, OVERBURDEN REMOVAL IN FIRST HALF OF 1981

Prague SVET HOSPODARSTVI in Czech 13 Aug 81 pp 1, 2

[Article by Roman Fojtik, FSU [Federal Office of Statistics]]

[Text] The coal mining industry, managed by the Federal Ministry of Fuels and Energy (FMPE), has entered the first year of the Seventh Five-Year Plan facing the heavy burden of having to supply the nation's fuel and energy base with solid fuels as a result of the enormous task it confronts in the field of capital construction to open up new deposits in order to replace production from old mines which are gradually being exhausted. The financial resources invested must be recovered as fast as possible in the form of black or brown coal.

Fulfilling this requirement is contingent on the ability of the suppliers of the giant coal diggers and of other mining equipment to deliver high quality, reliable products of highest efficiency. It is only natural that ample supplies of spare parts needed for maintenance and repairs must be available. The miners in the coal mines and the workers in engineering works will be able to meet these expectations of our national economy only if these requirements are fulfilled.

According to preliminary data overall coal production by the coal industry of the FMPE in June of this year amounted to 10,141,000 tons of coal and lignite whereby the plan was fulfilled by 101.8 percent, exceeding it by 183,000 tons. This is 169,000 tons more than last year's corresponding production (index 101.6). All coal mining industry enterprises exceeded their assigned monthly quotas with OKD (Ostrava-Karvina Mines) Ostrava leading the list with 98,000 tons of excess coal production (and fulfilling the plan by 105 percent).

The coal production volume for the first half of 1981 was 61,903,000 tons of coal and lignite which with a surplus of 612,000 tons exceeds the semiannual plan by 0.9 percent and that of last year by 464,000 tons (index 100.7). Thereby the annual state plan was fulfilled by 50.2 percent.

From January till June of this year overall black coal production was 13,982,000 tons with OKD Ostrava fulfilling the plan by 100.3 percent with 12,287,000 tons and a surplus of more than 38,000 tons accruing to the national economy. The production from this coal basin reduced markedly the production shortfall of 68,000 tons which occurred in May as the result of the accident at the k.p. (communal enterprise) Mine of First May and of the continuing difficulties at the k.p. J. Sverma Mine attributable to coal tectonics.

By producing 1,695,000 tons the Kladno Black Coal Mines fulfilled the planned tasks in the first 6 months by 100 percent which is 111,000 tons (or 6.2 percent) less than last year. The production shortfalls which occurred in January and May of this year were made up by production increases in the other months.

Brown coal and lignite mining concerns exceeded their assigned quotas for the first 6 months by 574,000 tons (1.2 percent) and last year's production by 934,000 tons corresponding to an index of 101.9. Thereby the annual brown coal mining plan was fulfilled by 50.2 percent. The proportion of the North Bohemia volume of production is 69 percent or 33,073,000 tons. The North Bohemia miners fulfilled by this output the specified 6 months plan of the enterprise by 101.1 percent exceeding it by 362,000 tons. Thereby the annual state plan was fulfilled by 49.1 percent. Compared to last year this year's index is 101.5 (a 500,000-ton increase).

In the first 6 months of this year production of the enterprise Sokolov Brown Coal Mines and Briquetting Works was 10,970,000 tons representing an excess of 200,000 tons above the plan and 540,000 tons above last year's production or an index of 105.1.

Employees of the Prievidza Coal and Lignite Mines fulfilled their 6 months task by producing 3,879,000 tons of coal and fulfilling the plan by 100.2 percent.

S D (North Bohemia Brown Coal Mines) Most has three plans for the removal of overburden including the operational overburden removal plan, the tentative operational plan for overburden removal from the technological site TC3 and the capital investment plan for overburden removal from the technological site TC2 at the Vrsany Mines. The key volume of overburden removal is being accomplished operationally by the removal of 73.2 million cubic meters in the first 6 months, fulfilling thereby the ministry's plan by 101 percent (+017 million cubic meters). The annual operational plan for the removal of overburden was fulfilled by 47.6 percent. The tentative operational overburden removal plan form TC 3 was fulfilled by 51.6 percent by the removal of 13.1 million cubic meters (shortfall 2.9 million cubic meters) and the annual plan was fulfilled by 31.0 percent.

The supply of solid fuels to customers was carried out without interruption according to their requirements. As of 30 June 1981 coal reserves at FMPE thermal power plants were 921,000 tons of black coal and 2,766,000 tons of brown coal.

8664
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HALF-YEAR ECONOMIC PERFORMANCE ANALYZED

Budapest HETI VILAGGAZDASAG in Hungarian 15 Aug 81 pp 4, 5

[Interview with Bela Szikszay, deputy director of the economic-political department of the Central Committee, by Matyas Vince, no date or place given]

[Text] This year's plan set as the main goal of economic work an improvement in the economy's balance situation. In the light of this, how did the increase in industrial production develop in the first 6 months of 1981, what trends are perceptible in domestic and foreign marketing, how can the investment sphere be evaluated, and what are the consequences of all these things? We sought for answers to these questions from Bela Szikszay, deputy director of the economic-political department of the MSZMP Central Committee.

[Question] The Sixth Five-Year Plan is counting on a deliberate slowing down of economic growth. Of course, behind the average figures for the economy as a whole, there is the latent intention that for efficiency goals some enterprises should develop rapidly while other should stagnate, or even regress. How did all this go in the first half of the year, what trends exist in development differentiation?

[Answer] Mainly because of the seasonal nature of agricultural production, we do not have a complete midyear picture of economic growth. But the half-year performance of the producer branches outside of agriculture give us a mode of evaluation, and other processes of economic development can also be compared to the plan.

In the first half-year, industrial production increased by about 2 percent. This is positive in view of the fact that the production decline has stopped. It is more complicated, however, to evaluate growth. It is true that this solid rate of development is below the 3 to 3.5 percent planned for the whole year. To attain the production increase called for in 1981, we would have to increase industrial production by at least 4.5 percent in the second half, something which is not supported by industry's volume of orders thus far.

There is a considerably differentiated development latent in average industrial growth. Production in mining and the construction industry is 2 percent lower than it was in the first half a year ago, and metallurgy is 2.6 percent lower. On the other hand, light industry produced 3.1 percent more than in the first half a year ago, and the machine and chemical industries 3.3 percent more.

The picture is even more varied if we examine certain sub-branches within industry. For example, if we substract from the production of the chemical industry the achievement of the oil refining industry, which represents a large share and which produced less last year because of the decline in needs, then production in the other chemical industry branches increased by 6.8 percent. The production of the household and cosmetic supplies industry was 36 percent higher than the level attained in the first half a year ago, and in the meantime it also carried out important structural transformations.

Within the machine industry the picture is similarly differentiated. The communications and vacuum engineering industry, for example, produ-ed more than]0 percent above what it did last year, something which is also noteworthy because more than 60 percent of the products are exported. The production increase in the equipment industry has been of a similar degree. At the same time, the transportation vehicle industry produced less: 11 percent fewer buses, 18 percent fewer bicycles than in the first half of last year. All these things indicate that production development is also strongly differentiated at the enterprises.

[Question] We can really evaluate this highly varied production development picture, which is chequered in some cases with regression, only if we look at the marketing directions. How well were the enterprises able to sell their goods on the domestic market or on foreign markets?

[Answer] Marketing by industry gives an interesting picture: in the first half year it delivered to wholesale and retail trade 6 percent more goods for investment than the year before, and 5 percent less than in the first half of last year for foreign trade. The picture becomes more colorful if we examine the development of industrial exports by sub-branches. Deliveries abroad declined by 3 percent in the machine industry, 4 percent in the textile industry, and 30 percent in metallurgy as compared to the same period last year. At the same time, the communications and vacuum engineering industry exported 8 percent more than for the same period last year, the equipment industry and the pharmaceutical industry both 11 percent more.

Let us not ignore the fact that we did not exactly plan such marketing directions. Our plans called for an increase of 2 percent in domestic trade, 9 to 10 percent in ruble account export, and at least a 7 percent increase in dollar account export. However, I must add that in the meantime the conditions changed substantially as compared to the conditions in the plan. I am thinking, above all, of the situation which has come about in the developed capitalist countries, which is worse than had been assumed. The recession has been prolonged, competition has become keener, and increasing protectionism sets increasingly greater obstacles to efforts at export growth.

The unfavorable development of the capitalist market has hit hard at our entire industrial export. In such a market situation, it is very difficult to obtain favorable prices, something which sensitively affects the economy of production and profitability at many enterprises; it can also lead to unused capacities, and in the wake thereof to work organization problems. In regard to prices let me mention metallurgy. The export contract prices in the first 6 months of 1981 for rod and sectional steels were 12 to 13 percent below the annual average price level in 1980, and similarly for aluminum ingots 15 percent below.

In contrast with the deterioration of foreign market conditions, the domestic demand grew. The revival of domestic trade, perceptible also in investments, showed a greater demand. The financial situation of the enterprises was more favorable than in recent years, their payment ability also improved, and financial problems were evident in narrower scope. The enterprises overcame the uncertainties that were evident last year as a consequence of the modification in the price mechanism and regulators, and the pressure of these changes and its effect on tightening the conditions of enterprise resource formation turned out to be less than the enterprises counted on a year ago or more.

At the same time, I regard it as a matter for rejoicing that the reaction capability of enterprises and central guidance has improved. I do not believe that given the rapidly changing economic conditions, chiefly external, we can continue to handle mechanically, or if you will "in the old way," the developments in the production of branches and enterprises which deviate from the plan. In judging their activity we must all the more weigh whether they are operating according to the requirement system of economic policy, whether they are reacting to changes, and whether they are conducting their activity exactly according to the numerical prescriptions of the plan. Taking all this into account, it is my opinion that ratios of industrial marketing that deviate substantially from the plan reflect at the same time deviation from the requirements of the plan, mainly in respect to exports. The economic situation of the country does not justify the relaxing of requirements. We need to take effective steps to see that the incentive for export growth and its economic compulsion are both strengthened.

[Question] We have more or less reviewed the changes in industrial production and marketing. In fact, it would be premature to make an exact forecast for agriculture in regard to the whole year. But the first half year certainly provides us with agricultural data which it would be worthwhile to mention.

[Answer] Uncertainty in judging the development of agricultural production is understandably great. This is particularly true of plant production, the developments in which were significantly influenced by last autumn's unfavorable weather and this year's changeable spring weather. According to preliminary estimates we did not produce the planned volume of wheat, which does not endanger the country's domestic supply but does affect the volume available for export. As for now, the production outlook for corn is favorable. The consignments of fruit and vegetables are favorable, and the market prices are also perceptibly lower than a year ago. Achievements in livestock breeding, both from the viewpoint of stock and yield, is developing favorably. On this basis, planned meat and animal product production appears attainable, and this will also create a favorable situation in export.

I would also like to speak briefly of the construction industry. In the first 6 months of the year, production in the implementing construction industry lagged almost 3.5 percent behind last year. A role was played in this by the moderation of investment demand, the development of housing construction quotas, and structural changes in the demands related to the construction industry. Both a capacity shortage and excess are being experienced by the construction industry, and adjustment to the changing demands will develop with considerable difficulty.

In summary, I might say that production inindustry and other main economic producer branches appears to be developing somewhat below the planned level. But differentiation in development has accelerated significantly, and it is a good sign that it was primarily those sub-branches and enterprises that were able dynamically to develop their production which were capable of a rapid change in their production structure, of flexible adjustment to demands, and of better exploitation of the possibilities latent in production factors. But unfortunately it is rather clearly shown by the relatively low growth and export data that these are still not general or of the desired extent.

[Question] In regard to industrial investments, you mentioned that enterprise investments were greater than last year. What in general is the investment situation?

[Answer] In the economy as a whole, investment activity cannot be called overheated. In the first half year, investments of the socialist sector, at current prices, lagged 5 percent behind last year's, and at comparable prices 8 percent. This corresponds with our intentions. We devoted about 11 percent less to state investments than last year, but enterprise and cooperative investments somewhat exceed last year's first half-year level and goals. This indicates that in the enterprise sphere--rather sporadically, it is true--greater development resources exist than those justified by plan and management development. In any event, we must guard against letting the surplus resources that have appeared in the enterprise sphere from leading to the development of a new investment peak. At the same time, it would be a correct endeavor if the enterprises used their development resources and credits primarily for the expansion of convertible export commodity bases and for finding economic substitutes for imports.

[Question] Purchases by the population is the other large area of domestic consumption. How did this develop in the first half year?

[Answer] In the first half year of 1981 the population received 7.5 percent more income from central sources than in the first half of last year. This included a 5 percent increase in wage and wage-type incomes, a more than 8 percent rise in incomes related to agricultural production, and an 8.6 percent rise in social allowances in cash. In the first half of the year, retail trade came to more than 177 billion forints, which at current prices was 9.3 percent higher than last year. Taking into account the fact that in the first half of the year retail prices increased by 4.4 percent, the commodity volume sold by way of retail trade surpassed by 4.6 to 4.7 percent the registered volume for the same period in 1980.

[Question] Creation of an import and export balance is an important goal. Have we succeeded in achieving the desired results in this area?

[Answer] The goals for foreign trade that were set in the 1981 plan appear to have been fulfilled only partially in the first half year. The total volume of imports, in accordance with estimates, increased a little less than 3 percent. But there are deviations from the plan in respect to distribution by main relations. In the first half year, we imported 3.5 percent less in ruble trade than the year before, but in nonruble trade imports increased by 9 percent. The half-year growth in exports came to 5.5 percent. Exports in ruble trade, at comparable prices, expanded by 2.7 percent, less than estimated in the plan but in harmony with imports. On the other hand, the increase in the volume of exports in nonruble trade came to 7.9 percent, which is essentially in accord with estimates. But we must perceive that the dynamic increase in dollar trade exports in the first half year was contributed to by circumstances--for example, surplus agricultural exports--on which we cannot count in the next.

[Question] In summary, how would you evaluate the first half year, or what deduction can be drawn for all this for the second half of the year?

[Answer] In important respects, the development of the economy in the first half year developed in harmony with the main requirements of the plan. This is indicated by the fact that the nonruble foreign trade balance improved as compared to last year's, and significant supply problems did not appear either in the sphere os consumption by the population or in production. But in addition to these positive processes, economic processes were also developing which deviate from the main goals in several areas. By this I mean primarily the increase in domestic sales which exceeds the goals, while consumption by the population and enterprise investments are at a higher level than called for in the plan. Thus the necessary harmony does not exist between the development of the equilibrium situation and the improvement of efficiency on one hand and consumption and the development of accumulation on the other. Correcting this is an important task in the coming period, all the more because we cannot count next year either on an improvement in the external conditions of our development. But that we are not helpless in face of these changes is indicated, among other things, by the positive examples of the first half year and the increasing number of enterprises capable of adjusting to the stricter conditions.

6691
CSO: 2500/378

HUNGARY

INCREASED EXPOSURE TO CURRENCY RATE FLUCTUATIONS NOTED

Budapest FIGYELO in Hungarian 2 Sep 81 p 5

[Interview with Chief of Main Department, Ministry of Foreign Trade, Imre Dunai by Ivan Wiesel: ""Floating' Forint. More Frequent Currency Rate Quotations; Financial Settlement of Exports and Imports"]

[Text] A more and more frequently arising problem facing enterprise management during the past few months has been the constant fluctuation of forint to foreign currency exchange rates which, together with price calculations based on world market prices, has hampered the preparation of economic calculations and the drafting of plans. We went to see Imre Dunai, Chief of Main Department, Ministry of Foreign Trade, about this problem, and here are his answers to our questions:

[Question] One of the key elements of our active exchange rate policy is the monthly readjustment of the forint's exchange rate by the Hungarian National Bank to reflect international money-market conditions. How has the fluctuating exchange rate affected the work of our enterprises; how has it influenced their interests and what kind of problems has it given rise to an enterprise management?

[Answer] The capitalist monetary system has been characterized by a systematic flotation of exchange rates since 1973. The "free" development of currencies has meant that the value of a currency in relation to another can change by several percentage points within a matter of a few weeks or even days. Under these circumstances we have found it necessary to ensure that our capitalist currency to forint exchange rate quotations also express the lasting exchange rate ratios of the marget.

As a result of these monthly readjustments of exchange rates, our producing enterprises have become more exposed to the effects of the foreign market in an increasing number of areas. Since the introduction of flexible exchange rate quotations, our enterprises have not been able to base their calculations on the monetary forint value of a given currency; instead, they began to view currency prices as unique price-factors, assessed on the basis of daily and forward exchange rate quotations and forcasts from foreign markets. Increasing attention has been paid, therefore, to possible fluctuations in the forint rate of a given currency between the time an offer becomes an agreement and the time that agreement begins to yield revenues. I would point out, that most of our enterprise have been working according to these principles for some time already, especially in the area of credit sales, but with the introduction of monthly quotations this practice has expanded and has become a foreign-exchange based system of calculations. To put it succinctly: Our enterprises forint and foreign exchange interests have come significantly closer to one another. Consequently, the work of our foreign trade enterprises--who are the primary transmitters of foreign market influences--has become easier, since the unity of interests between them and their consigner, the producing enterprises has become strong. Cooperation has improved, our pricing actions and our defense against exchange rate risks have become more effective. Speculation, based on discrepancies between foreign and domestic exchange rate ratios which disregards the foreign exchange interests of our national economy has significantly decreased. At the same time, the monthly fluctuations of exchange rates have also increased our procedural tasks, although the modernization and computerization of these procedures has played an increasing role in helping to reduce this excess burden.

[Question] In the future there will be even more exchange rate fluctuations, which means that the exchange rate of the forint will virtually float. What effect is this going to have on the export and import activities of our enterprises; how will our clearing procedures and foreign exchange sales change, and as purchases occur, how will this affect the relationship between our foreign trade and producing enterprises?

[Answer] After a while we had to realize that even our monthly readjustments of forint rates have not been sufficient to ensure proper flexibility. There have been instances, where in a given month the actual money market value estimate of certain currencies and their corresponding prices listed in our domestic exchange rate quotations differed by as much as several percentage points. To a certain extent, this has turned enterprise interests in the wrong direction, for often they have been taken advantage of at the expense of macro-level foreign exchange interests. Let us say, for example, that they decided to clear a given export in DM, and that by the middle of the month of the transaction the DM is devalued against the dollar by 3 to 4 percent; (under the above system) they would not suffer a loss even if the price level of the DM were to remain unchanged. In fact, if the receipt of the foreign exchange occured still during the month of the transaction, a 1 to 2 percent price increase would even earn them extra forint receipts. A price increase of this size is something which they have been easily able to convince their partners to accept.

The shift from monthly currency rate quotations to more frequent currency rate fluctuations will help to further refine our foreign trade work, and since our forint quotations will not automatically reflect those currency rate and value fluctuations occuring on the foreign markets which are less significant, the system will not become autotellic and the additional administrative costs involved will definitely remain in proportion with the benefits we aim to achieve. The reason I can say this is because together with the introduction of more frequent currency rate quotations, there will also be a simplification and easing of the financial settlement process which will free our enterprises of the additional burdens they would otherwise have to face. As far as our foreign trade statistical records are concerned, they will continue to operate under the old system, in other words, data processing will continue to be based on first-of-the-month foreign exchange scales.

Financial settlements will be conducted as follows: In exports, the basis of settlement between our foreign trade and producing enterprises will be the forint value of the foreign currency invoice. The conversion to forint will be done at the exchange rate which is in force on the day of billing. Upon receipt of the foreign currency equivalent, the forint conversion of the goods value will be based on bank vouchers needed to ensure proper crediting, at the exchange rate quoted on the day the voucher is issued. The exchange rates on these two days may differ.

In the case of relationships which are based on a consignatary partnership format, the advantages or disadvantages resulting from this difference will be enjoyed or borne by the consigner producing enterprise. The settlement of export credit balance discounts by the bank will be simplified. What this essentially means, is that it will not settle the difference of exchange with the enterprises until the credit balance is realized. Naturally, discounts at limited exchange rates would be an even more obvious solution.

In import settlements it has also become necessary to modernize our previous practices. The essence of the new solution is that those rate changes which occur between the moment the import's forint cover becomes payable and the time the business transaction is settled will no longer be entered in the accounts.

[Question] In the course of the debate over exchange rates, suggestions have been made that in order to divide up the risks stemming from frequently fluctuating exchange rates, we should also introduce forward (terminal) exchange rate quotations, which would serve as a prognostic tool for the Hungarian National Bank. What kind of developments can be expected in this area?

[Answer] One of the important tasks of banks in international trade is to promote transactions by providing credit and by assuming risks. It was for this reason, that as we began preparing for the introduction of more frequent exchange rate quotations we also began to stress the need for the earliest possible implementation of forward exchange rate quotations. By purchasing and selling foreign exchange based on terminal rates, the commercial bank assumes the risk of exchange rate fluctuations. From the point of view of foreign trade this has still another advantage: Our enterprises will be able to defend against the risk of exchange rate fluctuations not only in exports but also in imports.

I believe that our forward exchange rate deals can be brought into harmony with the insurance system presently in effect, and that our enterprises will be able to take advantage of it at the same cost which is presently offered by exchange rate risk policies and without any additional administrative inconveniencies.

Forward exchange rate quotations are actually prognoses which enable banks to predict prospective exchange rate developments. In fact, they are more reliable than other types of forecasts, for they are closely connected with the bank's business interests. This is why I hope that in the future we can also begin listing forward exchange rates and use them as the basis of our foreign exchange purchases and sales.

9379
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FULL-EMPLOYMENT MUST BE MAINTAINED DESPITE REFORM

Budapest NEPSZABADSAG in Hungarian 15 Sep 81 p 4

[Article by Katalin Szikra (Mrs Falus): "Full-Employment and Efficiency"]

[Text] The rate of economic growth has slowed in our homeland--as in many other countries in the world--and it cannot be expected to accelerate substantially in the coming period. Slower growth must be coupled with intensive technological progress and a modernization of the production structure. If this is realized some of the management organs will be freeing up manpower and thus demand for manpower will decrease in the material branches as a whole. This trend already separated appeared in recent years and--most certainly--it will continue in the future. So there will probably be an end to the great and almost general over-demand for manpower which has been customary for a long time. In some places--contrary to what has been the case--suitable employment of the available labor force could cause problems.

According to some views "one need not fear a little unemployment, it would only improve work discipline." In reality, however, there has never been unemployment which affected only the shirkers and the negligent. Unemployment is not so selective. It threatens primarily those working in declining or stagnating production branches and--at least this is the experience of capitalist countries--especially the young, the women and the older people among those seeking work. In any case, work discipline is not simply a function of unemployment or full-employment. More recent studies indicate that unemployment does not favor an increase in productivity either. In general the growth in productivity slows after a long period of unemployment. The growth in productivity is slower than the average in those industrially developed capitalist countries in which unemployment is especially high. Workers in such a situation--fearing that they will be let off--try to hold back technological development and this coincides with the caution of investors who, as a result of the social-economic uncertainty, do not exploit every possibility for technological development. We cannot ignore these interdependencies, but what is more important than this is that we must maintain full-emplohment in the future also, despite all difficulties, as one of the chief achievements of our socialist system. This requirement, however, places many tasks on the economy and on society.

Before all else we must strive in the course of modernizing the product structure to "move"--insofar as possible--not the worker but the work, to bring new tasks to the manpower available in the given place, because the regrouping of employees is always accompanied by serious problems. Over-stressing this aspiration, however, causes harm. The enterprise must do everything to ensure efficient, economical employment of those employed by it; but if this is not possible then it must release the superfluous or uneconomically employed manpower. The enterprise, however, cannot bear the burden of the transfer or regrouping. So central measures must aid a flexible movement of manpower, a global and structural harmony of manpower supply and demand. The reluctance of the enterprises to free manpower which becomes superfluous derives--in part--from the fact that we are not adequately prepared socially to help the placement elsewhere of workers who become superfluous at one enterprise.

The structure of employment must be adjusted in part to the production structure and in part to the development of productivity, which varies by branch and area of activity. As a result manpower must be regrouped from socially less efficient areas to those which are more efficient.

The number of those employed in industry decreased somewhat even during the Fifth Five-Year Plan, primarily as a result of a moderation in manpower supply. In the future, however, we must reckon with a further reduction in personnel deriving from production policy and efficiency considerations in industry. This is justified by the still significant personnel reserves of the processing industry and by its more favorable possibilities for increasing productivity as compared to other branches. A significant number of the workers released by industry can be placed in the service branches, such as trade and transportation, which have increasing manpower needs due to more limited possibilities for increasing productivity and which are already struggling with manpower shortages. The repair and service networks being developed will also need substantially more manpower than at present.

We can also calculate that the weight of small and medium enterprises will probably increase in both industry and the service branches and this will increase their need for manpower too. The total investment needed to create a job in these areas is generally smaller than in large enterprises. This also makes it advantageous to create new jobs here. The new organizational forms being created today, the small cooperatives and work communities, may create more favorable possibilities for this. The growth in the number of those active in the private sector, either independently or as employees, is also accompanied by new manpower needs.

In contrast to industry the number of workers in agriculture increased somewhat at the end of the Fifth Five-Year Plan. This phenomenon, however, is only temporary because over the longer run we can reckon with a necessary reduction in the agricultural population. Employment considerations, however, justify a more moderate migration from agriculture than in the past. A significant number of those being freed from agricultural activity in the narrower sense--land cultivation, animal husbandry--can find new jobs in agricultural operations, primarily in the auxiliary branches and small plants of the producer cooperatives. (About one-third of those working in agricultural operations already carry out industrial jobs.) Commercial and transportation activity linked to agriculture and the quite backward village service network must be developed at a swifter pace also.

For a long time it has been the aspiration of our employment policy to attain a maximal growth of manpower supply and of the social worktime base. This situation is now changing. Improving efficiency and bringing manpower needs and manpower supply into balance may make necessary a deliberate reduction in the social worktime base, even if a manpower shortage is still characteristic in a few areas. Modernizing the production structure and manufacturing processes will make necessary the retraining or further training of workers in many enterprises and this may be accompanied by taking some of those affected out of productive work temporarily.

The most readily available way to reduce the social worktime base is a general shortening of the workweek. The full scale introduction of the 5-day workweek, soon to be realized, actually indicates this path. Further similar measures cannot be expected in the near future. In addition, it must be seen that a differentiated effect cannot be attained by a general worktime reduction; indeed, shortening the workweek will increase the manpower shortage in those areas still struggling with such difficulties.

The age limit for retirement also has a significant effect on manpower supply. The age limit for retirement in our homeland is among the lowest in the world so a further reduction would not be justified, especially of we note that under present conditions it would involve the loss of much knowledge and experience. It might be useful, however, to make the lower limit for retirement flexible. There are examples of this in many countries. It might continue to be possible for the employer to terminate the work relationship under the heading of retirement only at age 55 or 60 but the worker might request retirement even earlier, after a sufficient number of years on the job, obviously with a proportionally smaller pension. This would be most attractive for those who might continue useful activity after retirement in the "second," supplementary economy or in the family.

It would be useful for many people--and for the entire economy--if much greater scope than at present were given to part-time employment or to periodic--seasonal--employment. (In industrially developed countries the number and ratio of those employed part time is significant.) There would be a demand for this in our homeland also, primarily among mothers but also among those continuing their studies in evening or correspondence schools. We might also include here employment at home--there are still many untapped possibilities in this area. Expanding seasonal employment is especially important in the tourist industry and in the area of services connected with recreation. Today they frequently employ here workers in a year-round work relationship, where it is not rational.

The spread of abbreviated, part-time and seasonal employment--for which many economic and legal conditions exist--may be favorable primarily for women and mothers. In this vein there might be legal recognition, in some cases, of the social utility of child care, housekeeping and care for the sick or aged within the family. This would increase the possibility for women to make a real decision between work outside of and within the family. We took a large step in this direction with the introduction of child care aid but further development might justify additional measures. It would require primarily a change in attitude and a further development of the social allotments and social insurance conditions system so that a woman (and her family) should not suffer serious disadvantage if she only took care of her family for a certain period of her life.

To sum up, we must continue to maintain full-employment in our society in the future also but in such a way that this should not cause a serious burden to society, individuals or families and that it should be appropriate for individuals and families. This will require well thought out action, flexible practice and an entire series of additional central measures.

8984
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CHANGES IN MANAGERIAL CONDUCT AT TWO ENTERPRISES NOTED

Buadpest NEPSZABADSAG in Hungarian 16 Sep 81 p 10

[Article by Karoly Kuszmann: "Market Strategy at Two Enterprises--DIGEP; and by Karoly Kemenes: "Market Strategy at Two Enterprises--Red October Men's Clothing Factory"]

[Text] An improvement in the competibility of our economy depends to no small degree on how much better we will succeed in adjusting to domestic and foreign market demands than heretofore. This assumes and requires in enterprise management that in medium-term plans it will count over the long term on expected market demands and competitive conditions in their thinking on the development of the product structure, of enterprise internal organization, and of the domestic and foreign trade relation system.

In the following we shall show the experiences of two enterprises which conduct different activities as related to the development of market strategy--experiences which theygained in preparing their medium-term plans.

Marketing at the Diosgyor Machine Factory

In the 1963, DIGEP [Diosgyor Machine Factory] was formed with the consolidation of three smaller machine industry enterprises, including 10,000 workers and with the full production structure of the legal predecessors. Beginning in the second half of the 1970's the enterprise's production structure was substantially transformed, but the economic difficulties stemming from the changes caused the enterprise serious problems, particularly because of a large manpower emigration. The stabilization began in 1978 with a consistent change in the product profile, an increase in productivity, and a reduction in personnel. As a result of this process, the enterprise's personnel fell to 8,500 while its competibility improved. This is also expressed by the fact that its production value almost doubled by 1980 as compared to 1963.

Relation to Foreign Trade

Important changes also occurred in respect to the enterprise's market relations and its forms. Formerly, information flowed through the foreign trade enterprises to production development via product development. DIGEP was at first in a self-accounting relationship with the foreign trade enterprises, but later it conducted its foreign trade through a commission system. Although this represented an advance over the former relational form, the information gained through the commission system was sparse, and therefore a cooperative organization based on mutual incentive replaced the commission contract in order to establish closer relations with foreign trade enterprises. The risk undertaken by foreign trade made the market information more reliable. Enterprise export orientation increased vigorously; exports rose more than five times by 1980 as compared to 1963, including a quadrupling in ruble account exports and a ten-fold increase in nonruble account exports.

By the mid-1970's, a decision had come to a head that further export growth could be expected only if we organized direct enterprise representation on certain base markets. DIGEP established its own buyers' service in four countries. Information received from these places helped in the pre-evaluation of market possibilities, the modernization of products, the provision of information to potential consumers, and drawing attention to out products.

By relying on market information, DIGEP in the course of the 1970's gradually cleaned up and narrowed its product profile. And in order to improve the economy of the production, we strove to share the profile with the domestic manufacturers.

With the amalgamation, the full exchange of the range of products we brought with us was not possible because of the nonconvertible capacities (forge plant). We had to seek for the possibilities available to use the capacities for which an opportunity arose by way of participation in the domestic and foreign vehicle industry program.

For a rapid and flexible satisfaction of demands, we had to make the planning engineers available also. We took our builders, plant engin-ers out to the market, where they had direct contact with the buyers and could familiarize themselves with the operational experiences of the machinery sold or of the consumers of the products. The buyers' service and servicing stations at the foreign base markets turned out from this point of view to be good schools, and they also fulfilled preparatory functions in their servicing and information services.

Prime Contractor Activity

The prime contractor activity which was developed in the 1960's was concentrated primarily on the food industry and agricultural cold storage. On the basis of foreign and domestic experiences gained during the exercise of this activity, we undertook in the 1970's with an expansion of the sphere of activity to deliver complete forge plants and cable factories as prime contractors. In the development of the latter two profiles, outside of industrial background and intellectual capacity, even the decades-old technological practice of our forge plants was helpful. Activity in simple machine sales has expanded into machine sales paired with technology and technical advice, when in accordance with the conditions of the investor the operating capability of the complete facility must be guaranteed. The complexity and extent of such transactions can in some cases exceed the material-intellectual load-bearing capability of an enterprise, and therefore in 1980 the interested Hungarian cable machinery manufacturing enterprises--BTG [Telecommunication Machine Factory], PG [Pest area Machine Factory], and DIGEP--and the owners of the special cable manufacturing technologies--MKM [Hungarian Cable Works)--established prime contracting cooperation with the foreign trade enterprise TECHNOIMPEX, whose service will extend to the turning over of the occupancy key.

Organizational Modifications

In order to increase the inclination for undertakings and shorten the running through time, organization modifications were carried out in 1981, and the directives of the trade manager were given jurisdiction over the engineer-production area. With this the execution of the market-political decisions of an enterprise can be put on a compulsory track in all three areas and the flow of market information into the production process can be assured; it is now possible to proceed from the demands of the buyer in developing a construct.

What kind of deduction can we draw from the foregoing? Although we can find a good many elements of marketing in the Diosgyor Machine Factory even before the reform of economic management, our receding at the end of the 1960's from the rigid system of plan direction increased the demand for a better knowledge of the market. Despite its economic difficulties, the DIGEP in the 1970's was able to provide sufficient intellectual and material resources that in addition to a change in the mode of outlook it could promote through operational measures the development of new forms for a market presence.

The measures undertaken in the past 10 years have started a process as a result of which we can say that our enterprise is now making use of the possibilities afforded by marketing.

Medium-Term Planning at the Red October Men'- Wear Factory

The VOR [Red October Men's Wear Factory] is an enterprise employing 3,600 people. Its profile is the manufacture of men's suits, of which it makes about 1 million units annually. More than 60 percent of the factory's production is for export, and therefore the management results depend largely on rapid adjustment to world market relations.

We sought to take account of these characteristics during medium-term planning in the following way:

--The medium-term plan does not have a base outlook because the numerical data, given their changing content (for example, changes in the exchange rate), are becoming less and less comparable.

--The contents of the medium--term and annual plans are not identical. The medium-term plans tend to set the goals rather than methods and means. For example, we cannot numerically state what the enterprise's profits will be in 1985, but it can be set as a goal that in accordance with the prevailing internal regulator system it will be of a size necessary to attain the enterprise's investment and wage development goals.

--Finally, the role of enterprise strategy in long-term plans is much more important than formerly. This is true both in respect to production policy--changes in the product structure--and in respect to market policy--marketing ratios.

Domestic Supply

Our enterprise regards domestic supply as especially important. Not only because the enterprise was founded essentially for the satisfaction of domestic demands but also because a balanced supply is an important element of living standards. To improve domestic supply, we must not only solve quantity but also selection problems.

Together with the domestic trade enterprises we wish to develop the transaction system. In this framework we will emphasize commercial and business points of view and force into the background the administrative character of transactions, the periodical calendar system of contracts, and the schematic distribution of products. It is expected that the new system will be realized in 1982.

Nonruble account export makes up more than 40 percent of our enterprise's production--with by far the greater part as contract work--, the bulk of which goes to countries of the Common Market. We work in a competitive price system, and the profit level of ruble export and domestic products is a function of the results in nonruble exports.

Increasing Exports

In developing a strategy for nonruble export markets in the coming years, we shall have to take into account that there is an overproduction of textile products primarily because of the growing textile industry in developing countries. Western European currencies are deteriorating strongly vis-a-vis the dollar, and because of increasing unemployment we can count on West European import restrictions.

In consideration of the foregoing, the market strategy of our enterprise is the following:

We must compete with the developing (primarily Far Eastern) countries in quality and service and not in prices.

On the strength of the products' quality, we can carry out price raises annually at a minimum no less than the rate of inflation in the given country, including exchange rate losses in our calculations.

We must develop our contract work relations into such production of marketing cooperation as will not be affected, or only slightly, by possible import restrictions.

In addition, we must work out, in case of possible restrictions on contract work, a strategy that will offer a solution that avoids important disturbances in the flow of trade.

At the level of ruble account export, we are striving to improve economy. Our ruble exports are directed to the Soviet Union. On this market, too, we must count on a constant growth in demands. Not only style but also wearability is a requirements. Competition is constantly increasing, the Western firms are trying to enter this large market, and we will also have to compete with them.

Industrial Association

I think that it also belongs to our foreign market strategy that in addition to activity within the enterprise we should modernize our relations with the foreign trade enterprises. There are also additional opportunities for efficient and economic improvement of foreign trade work, for example, the gaining of independent foreign trade rights or the establishment of a new speciality foreign trade enterprise by way of industrial enterprise association, and so forth. A number of textile clothing industrial enterprises have requested and been granted export rights in the recent past. This is how these enterprises are seeking to increase export efficiency.

Several enterprises in the textile clothing industry are planning to establish a new specialty foreign trade enterprise in the form of an industrial association. The establishment of a new enterprise makes sense, if the efficiency of market work is improved thereby, or if it is less expensive than the current one. Economy calculations have not yet been prepared. It is in this framework that we must plan the profile of the new enterprise, the anticipated trade, the number of founding members, the organization of the new enterprise, its relationship to other foreign trade enterprises, the foreign representation, and the size of the founding capital and its distribution among the founding enterprises. In the knowledge of all these things, it will be possible after the economic calculations have been made to decide whether it is worthwhile and in what form to establish a new foreign trade enterprise.

In summary, we may say that the altered and rapidly altering economic environment requires of the enterprises a new attitude and mode of thinking. This is what we want to develop with medium-term planning.

6691
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ROLE OF WHEAT IN CROP STRUCTURE WEIGHED

Budapest FIGYELO in Hungarian 19 Aug 81 pp 1, 11

[Article by Bela Gyori: "Wheat at the Farm and on the Market"]

[Text] This year wheat was put into storage three weeks sooner than usual. It is generally known that the world market considers wheat a solid product. Even though the world market price of bread grain decreased after December's high on the commodity market, it stabilized by the end of the spring. News was received even before the Soviet-American grain trade agreement in Vienna that China has pruchased 14 million tons of bread grain, more than ever before. India, which for years has been self-sufficient and even exported, will buy wheat again this year. News of significant declines in production was received this summer from the Southern and Eastern European countries. Yield decreases in some Central European countries were as high as 40 percent. A reliable "average" crop was harvested in Hungary in the summer of 1981.

We harvested this average yield from smaller acreage. In the last three years--even though each year the agricultural operations planned to grow wheat on 1.3 million hectares--for various reasons they never reached the planned level. Wheat grain was harvested from 1,135,000 hectares in 1979, from 1,276,000 hectares in 1980 and from 1,152,000 hectares in 1981.

There are several reasons for this year's acreage "result," which can be called low. It is a well-known fact that 30 percent of the wheat in Hungary is planted after a corn crop. Thus, the yield on this area depends on autumn weather. The autumn of 1980 was rainy and cold. On several tens of thousands of hectares planting could not be finished as planned. Crop death in the winter and spring was also significant. Thus, the planned 1,300,000 hectares was decreased by 148,000 hectares. The farms had an opportunity to compensate for the wheat with other spiked crops in the spring. This was done.

The planted wheat also suffered during the spring. Six weeks without rain during April and May essentially hurt the crop, which was not gaining sufficient strength because of the autumn and winter weather. Thus, instead of the usual 5 to 6 million roots per hectare of earlier years, the famrs could expect an average of only 4.5 million roots per hectare. Due to the winter and the unfavorable planting conditions even before that, germination also was insufficient. (Plants that sprout will grow an average of 0.3 spikes. Thus, if plant development is healthy, one root of wheat will grow 1.3 spikes.) The decreased root count and the poorly, or not at all, developing sprouts in the final analysis resulted in 30 percent fewer spikes due to warm weather early in the year. In addition, spike size was also smaller than desirable. All these factors determined the 1981 crop.

In Sunflower's Shadow

This weather was also worthwhile noting because in recent times many people felt that wheat's position in the farm's economics has weakened. It is a well-known fact that in our wheat, sunflower and corn crop system, using one and the same set of machinery, sunflower has the highest net income and also the lowest investment demand. This is followed by wheat, and corn comes far behind it. Since 1979 the sunflower planting area has been increasing more and more. According to the official data, this year it has reached 302,000 hectares. (Last year it was 260,000 hectares. Still earlier, it was about 170,000 hectares.) Considering that, because of plant health care and soil potential management, the sunflower can follow itself only once every 7 years, only 14 percent of the planting area can be used for this purpose. In the domestic plowland planting structure the sunflower has reached the point of acreage tolerance. Therefore, farm management interests warn the TSZs [producer cooperatives] not to increase the sunflower growing acreage, even in the hope of favorable net income prospects.

However, overall this farming decision was implemented at the expense of not wheat but corn. The sugar beet growing area also increased by 20,000 hectares, essentially at the expense of corn. However, on the other hand, the growing areas of other spiked crops--specifically autumn and spring barley, and more recently even oat--all unanimously expanded at the expense of wheat. This is far from being a harmful process since, with these other spiked crops, the farms can stretch the harvesting time, increase equipment utilization and in essence decrease their specific costs.

Farm Management Positions

The cooperatives decreased those specific costs that, on the other hand, sharply increased for other reasons. Fuel and plant-protecting chemical prices, taxes and the public burden increased much, but it was possible to decrease the costs per standard hectare by smart product structure selection and by better utilization of machinery and manpower.

Overall, in 1981 the growing area of autumn barley increased by 25,000 hectares, spring barley by 31,000 hectares, and oat, which until now has been the orphan among plants, by 25,000 hectares. This successful growth will presumably be further escalculated by a spectacular result or two. For example, the Dalmad State Farm has been harvesting 70 to 75 quintals of barley per hectare for the third year in a row. Barley is competitive in terms of net income and absolute yield, without any doubt. If we look at it in this manner, the growing area of spiked crops was only 70,000 hectares more in 1980 than in 1981.

Based on these facts, the Ministry of Agriculture and Food Industry [MEM] summarizes the intentions of the farms and concludes that they can plan 1.3 million hectares of wheat-growing area again for 1982. Calculation shows that in the competition among crops, the present farming management position of wheat has not weakened.

Limitations

Some lessons can also be learned from the 1981 wheat harvest. The new types--namely the Martonvasari 4, 5 and 8, as well as several Szeged types and some wheat types from abroad with excellent biological characteristics--are rapidly gaining ground. However, the stagnation in chemical fertilizer use makes the discovery of new growing potential doubtful, which is the greatest [single] loss of the domestic crop growing.

The farming operations are purchasing the biologically available, accepted values in the form of more expensive seeds, but they cannot take optimum advantage of this, due to the lack of revolving assets. Modern genetic foundations can even moderate the unfavorable weather conditions under the proper circumstances--and thus the yield-affecting effect of the bad weather; the unfavorable winter and this year's wet and later hot spring were counteracted by good agrotechnology (the right kind and amount of machinery), sufficient amount of chemical fertilizers, and expeditious plant protection. But in farms with unfavorable natural conditions, or ones struggling with their supply of revolving assets or where growth is not possible, all these prevail in the reverse, and to a much increased extent.

Chemical fertilizer utilization did not increase in 1981 at the same rate, either, as planned for yield increase. A significant spread continues to prevail in the amount of effective ingredients applied per hectare. Indeed, there were even more extremes. The use of miscellaneous chemical fertilizers measured in terms of active ingredients for wheat growing varies between 100 and 400 kilograms among the farms.

Even though the operations purchased 25 percent more spare parts in the first half of 1981 in terms of value than a year earlier, this represents only an increase in value and not in actual utilization. It is difficult to establish how much this 25 percent increase--at current prices--means in terms of real value. The fact that commerce did not even accept 15 percent of the spare parts ordered for 1981 by the month of August, also limits the technical "opportunities." During these weeks, MEGEV's [Agricultural Machinery Spare Parts Supply Enterprise] inventory is 500 million forints smaller than usual (and this is for inventory whose price levels are higher). The dry summer, when there were fewer repairs and consequently also fewer spare parts used, improved the situation somewhat. The important thing is that agriculture's present supply of spare parts will fundamentally influence not only the autumn harvest but also the planting necessary for next year's crop.

When the 1982 intentions of the farms to grow wheat were analyzed, it was discovered that 400 of the 1,330 producer cooperatives are operating under unfavorable natural conditions. Under today's circumstances, these farms cannot increase their use of chemical fertilizers, can spend only limited resources on technical development and have difficulty obtaining new [seed] types. The wheat-growing efforts of the middle of the field and of the 400 farms "falling behind" also provide additional lessons.

Interest in Export

An unreasonable competition for prestige prevails in our ecoomic operation to chase [higher] yields. In all certainty, the spirit of this competition will also affect those farms with unfavorable natural conditions. It may be that those operating under poorer conditions would be better off setting their goals in terms of absolute, net income increases instead of in terms of fulfilling quantities. Situations can be imagined where often 25 quintal performances would be more profitable than 35 quintal results. But certain guide organs are driving for quantitative performance. Besides this, it must also be taken into consideration that the large volume branches (wheat, corn, cattle) at the same time also bear the burdens of the farm's fixed expenditures.

The production results of the already mentioned 400 agricultural operations have set the tone of this year's wheat production level and will also determine it for the Sixth Five-Year Plan. By 1985 the plan expects 14 million to 15 million tons of grain products to be produced. The success of meat production --2.2 million tons according to the plan--depends on this. According to TOT's [National Council of Producer Cooperatives] opinion agriculture may reach this volume of production if the production conditions of the 400 farms in critical situation are corrected. The high numbers in the plan are justified by the need for sales on foreign markets, rather than by the domestic demand.

Thus, the leading 400 to 500 agricultural operations can keep up with expenditures by increasing their yields. Those in the middle can also make a decent net profit. In the 400 farms operating in the danger zone, however, the enterprises' results in wheat growing do not make technical development possible under the present conditions; neither the planting area nor the yield can be increased. The wheat season just concluded also proved that.

The world market recognizes a price difference of 10 percent to 20 percent between fodder wheat and bread grain for human consumption. However, the farms gained supplementary income to counteract the rise in expenditures and costs by being able to sell B-2 wheat of flour quality as bread quality. This represents an extra income of about 25 forints per quintal. (Wheat's average wholesale price is 370 forints per quintal.)

However, according to the 1981 data, it is not probable that the world's grain supply will by 1985 reach the peak developed at the end of the 1970's, even though in 1981 U.S. farms are harvesting 10 percent more spiked grain than a year ago. Results from the Soviet Union's harvest, which lasts until October, are not yet known. According to the FAO's estimates supplies will increase but will not reach the usual 60 million-65 million ton sales supply. These numbers inherently determine the world market position of wheat.

8584
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MAJOR DEAL IN EXPORTED CHICKEN FACTORIES DESCRIBED

Budapest FIGYELO in Hungarian 19 Aug 81 p 11

[Article, no author given: "Babolna's Largest Export Undertaking"]

[Text] The Babolna Agricultural Combine--in accordance with the 1977 resolution of the Hungarian-Soviet intergovernmental commission--entered into a contract in 1978 with the Traktoroexport Soviet foreign trade enterprise to build four huge poultry plants in the Soviet Union. The significance of this agreement is much greater than that of the average trade contract. Implementation of the program is progressing very well, and the Soviet technicians are achieving outstanding results at the facilities already in operation. That, in addition to industrial and agricultural products, the combine is also selling significant intellectual export, gives special significance to this cooperation. [The combine] is also giving to the Soviet agriculture one of its systems--the industry-type poultry meat production system--in which 10 years' of research and experimentation of a larger collective are incorporated.

Poultry meat and egg production are the most significant branches of the major famous Hungarian agricultural operation. Worldwide it is among the top five poultry-producing firms, and its production base is also among the largest. It is winning more and more awards in international competition with its products under the Tetra trademark. The last time, for example, it won first prize with its poultry hybrid at CEMA's official performance examination in Bulgaria. It also placed first at CEMA's testing station in Czechoslovakia on the basis of the last 3 years' combined results.

In addition to supplying over 300 major Hungarian enterprises with raw materials, the Babolna Combine also exports to more than 30 countries on three continents--Europe, Asia and Africa. It exports 40 percent of its incubator egg and day-old chicken production. Its production systems were growing at such a high rate in recent years that their complete export became possible. The cooperation with the meat program of the Soviet Union's Tenth Five-Year Plan, which is the combine's largest undertaking so far, stands out among these foreign sales. More poultry houses will be built in the Soviet Union than are operating in Babolna.

Within the framework of the contract valued at 80 million rubles, the combine also supplies day-old poultry and the premixed feeds and vitamins indispensable to the Babolna feeding recipes for the one-year guarantee period of the production project.

Four poultry plants are being built in different locations in the Soviet Union: in Kiev, Yesentuky, Minsk and Dnyeprodzerzhinsk. The first two will be breeding facilities; that is, they will raise parenting couples, and the eggs will be given to incubator or fattening facilities in their vicinity. In the other two, parenting couples will be kept only to supply their own needs, and their main purpose will be fattening poultry.

Plans for the 516 poultry houses to implement the program were prepared by Babolna technicians, and their manufacture commenced in 1978. The buildings were so designed that the animals will not feel the outside temperatures even in Minsk or in Yesentuky, where temperatures of -40° are not uncommon.

Most building elements and automated technological equipment were built in the combine's industrial facilities in cooperation with several Hungarian enterprises. For example, the Mosonmagyarovar Agricultural Machine Factory of the Raba firm supplied some of the feeding equipment, the April 4 Machine Factory furnished the thermogenerators and the Iklad Industrial Instrument Factory made the ventilating equipment. Production and delivery were programmed into the combine's computer center, each plant provided precise daily information about its tasks and thus, meeting the deadlines could be controlled.

Some construction was also completed before the deadlines. Last year 120 buildings were dedicated in turn-key condition. Thus, several facilities are already in production at all four locations, with material supplied from Babolna. Over 8 million one-day-old chicks have been sent out. In June, generally at least one chartered plane carrying chicks left the Ferihegy airport every day; but some days 4 or 5 of them left.

When the day-old chicks are settled into the facilities, the Babolna advisers are already there. They helped direct the construction and installation of the technological equipment from the very beginning. Twenty-five Babolna technicians are providing to the Soviet operations everything that needs to be known about the industry-type production system. At the same time a group of Soviet technicians learned the technology in Babolna.

Workers of the new operations are employed at already operating facilities for a month or two prior to reporting to their jobs, in order to learn the processes. The feeds--naturally in accordance with the given local conditions--are compounded on the basis of Babolna recipes. Great care is taken to observe health care precautions and to organize the work. (This represents no minor task since each plant includes 12 to 13 buildings, and 22,000 to 25,000 broilers are being fattened in each building.)

As a result of careful and highly professional work coupled with good technology, even better indexes are being achieved at the plants already in production than those guaranteed by the combine. The Babolna people guaranteed that by precisely following their technology the broilers will reach an average weight of 1,500 grams in 56 days, using raw material from Babolna.

The 1 million broilers so far delivered to Dnyeprodzerzhinsk reached an average weight of 1,790 grams in 59.6 days, and in Baranovichi the average weight was 1,727 grams in 54.8 days. There are plants at this latter location where broilers with average weights of 1,800 to 1,900 grams were sold. In the breeding plant, egg production began in February of this year, and 2 million eggs were shipped to broiler plants in Stravopol, Zakavkaz and the Ukraine.

Thus, the Babolna system has passed the test well so far. But the Babolna technicians have much to do until the final exam. This year they will have to turn over to production 324 buildings in turn-key condition. Only 72 will remain for next year; construction of the last facility must be completed in May 1982. During the guarantee period (one year) they must export a total of 2.1 million day-old chicks for breeding, 23 million day-old chicks for fattening, 4,000 tons of premixed food and 20 tons of vitamins. The Soviet poultry operations will reach their planned production levels in 1983, when they will supply Soviet consumers with 140 million broiler chickens per year.

The combine will supply the equipment of the plants built in the Soviet Union with spare parts for 10 years. It is expected that on the basis of its results it will be able to sell additional plants to the Soviet Union.

8584
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MINISTER INTERVIEWED ON ECONOMIC CONCERNS

Warsaw TRYBUNA LUDU in Polish 12-13 Sep 81 pp 3, 4

[Interview with Professor Antoni Rajkiewicz, Minister of Labor, Wages and Social Affairs by Krystyna Kostrzewa; date and place not specified]

[Text] [Question] "Comrade Minister, the Polish family has many reasons to be concerned about its standard of living..."

[Answer] "The concerns are justified. The standard of living of many families has already declined, not so much from a lack of money as simply from a scarcity of goods. The very need to stand in line for hours and the introduction of ration cards for basic commodities have dragged down our standard of living and, of course, man does not live by bread alone."

[Question] "The average worker's family is concerned about food, for you speak of a need for further self-sacrifice, instead of an improvement in comforts, as in the past."

[Answer] "What you say is true. If we are to recover from the day of crisis we are experiencing, if "tomorrow" is to be better some day, then we must agree today upon temporary reduction of our living standard, we must agree on self-sacrifice."

[Question] "Excuse me, Comrade Minister, are you complaining about that?"

[Answer] "Why, yes! Upon assuming recently the position of Minister of Labor, Wages and Social Affairs I saw that I would have a thankless role to play and that I would more than once have to tell people of the need for self-sacrifices. To have a clear conscience and at the same time better understand the difficulties of life, I decided to renounce the ministerial salary of 27,000 zloty and remain at my professional salary of 11,150 zloty. The position of minister had attracted me, not as a personal, prestigious and financial promotion, but as a definite service to the state which finds itself in a state of emergency and I did not want to start that service with an increase in personal income. One must have a living standard similar to that of other families. I usually work 12-14 hours a day. If someone is interested in my family situation, I say: my wife receives a pension after 33 years of factory work, my son, like a majority of this year's university graduates, is having trouble obtaining work, and my daughter had to stop factory work after giving birth to a child and is now receiving help from her parents. Like a large portion of young married couples."

[Question] "Now that you mention young married couples, are you satisfied with the recently introduced system of educational subsidies for persons who raise small children. One hears many words of criticism."

[Answer] "Under our ordinary economic conditions that subsidy represents progress. It is not satisfactory, however. It is only the beginning of the way selected by us to help young mothers, for it is they who avail themselves of the subsidy above all. We would like that subsidy in the future to be higher and paid for a longer time and to embrace a wider group of mothers. But the realization of the next stage, which it is desired to emphasize quite forcefully, depends exclusively on the economic possibilities of the country."

[Question] Which other very important social questions have been settled during the past year? One speaks of the past year, as it involves the administration-working-class agreements signed in the past year, in which social questions occupied an important place."

[Answer] "Personally I appreciate the work done so far on the social minimum and on the preparation of a new pension-annuity system. I will ignore what has been done, and it is considerable, to increase wages, for we have not always been the better for that action, as we see today in the market and in the workshops, where wages sometimes become separated from labor productivity. If it is a question of annuities and old-age pensions, a plan is being drafted for increase of the lowest and a new rule covers the rest of the very important matters connected with them. We will try to send the draft to the Sejm once more in the coming year.

"Speaking very generally, it would be a question of defining the lowest services on the basis of the actual living costs, of canceling old portfolios and of assuring constant revalorization of annuities and pensions. After many consultations with the trade unions we are still gathering opinions. It is a question of returning the draft to the Sejm for new basic modification."

[Question] "And the social minimum?"

[Answer] "Our price reform, prepared after various consultations, is a new development. Besides, it is desired to make it clear, for many misunderstandings have grown around the social minimum, that after all it is not a question of passing a resolution regarding the minimum and of paying a minimum to each. The life of most of society forms on a higher level and in that case depends on its own efforts, the qualifications of the workplace, labor productivity, etc. The minimum has to serve as an instrument in the system of social policy, in the formation of the lowest wages and pensions, the level of family allowances and other services. And it has already begun to serve, although it cannot be introduced universally for the reasons mentioned. Also, because of increased difficulties in supply, which in practice undermine almost all calculations of a basket of necessities and services and living costs."

[Question] "The objection is usually made to the ministry that many important points of social agreements are not accomplished on time."

[Answer] "That objection is made far and wide. At the time of the origination of the Gdansk agreement and some others I was still employed as a specialist and was not yet a minister. I turned attention to the difficulties which could arise in the course of its implementation. However, emotions prevailed, as did the will to resolve the really dangerous conflict by peaceful means. Who could really be sure that in Poland one will have to wait only 5 years for an apartment? But there is such a point of an agreement.

"The other side is not keeping the remaining conditions of the agreement. Instead of calm, efficient work, through the entire year there were unrest, strikes, trouble spots, additional problems in various branches, groups and plants. A considerable loss of national income has occurred. The ministries are not helped by most of the trade unions, which are not cooperating as yet, which in practice has the result that each consultation and each conversation with our side has to drag out. It is simply necessary to work with each union separately. Union pluralism is a fact I do not intend to question, but new methods of action must be worked out. It also is obvious on the part of the ministry, above all within the framework of the Committee for Collaboration with Trade Unions. In that case I wish to add that the collaboration of the system is good with some groups, the workers of 'Solidarity' and other trade unions."

[Question] "Isn't it possible, however, in the name of the mutual confidence of society in power and the reverse, tc leave the matter of agreements in the status quo?"

[Answer] "I am for the conversion of the said agreements, for a general agreement. It is the entire mass of them, a total of several hundred. I am for consolidating and categorizing the said agreements, of separating those of nation-wide and broadly social importance to accomplish a balance of branch or ministerial affairs. Then it is ne-essary to establish the new, real terms of realization of all those matters, the validity of which under present or future conditions cannot be questioned. It also is necessary to determine the exact and valid conditions for the solution of the said matters. For both sides."

[Question] "What is to prevent this from being done?"

[Answer] "Constant tension, trouble spots, the need to extinguish sparks, the rapidly growing difficulties of daily life and the need for on-the-spot action. But that's not all. It also is a question of having the largest trade union, Solidarity, clearly define its character, whether it is a union which watches over the interests of the working people or a very broad socio-political movement which aims to form an opposition. The symptoms of the latter are well-expressed and remind us that they clash with the principles of the union. Therefore the implementation of previous agreements depends not only on us. It also depends on whether a partner starts to take into consideration the economic realities or is willing to take them into account in discussing each of the social affairs. As yet the economic realities of the country fo not seem to be adequately taken into consideration in Solidarity. Moreover, all trade unions must be present during the conversion of agreements, for wages, social matters, etc, affect not only members of Solidarity.

[Question] "Doesn't this mean that the Ministry of Labor, Wages and Social Affairs has suspended its activity...?"

[Answer] "We have more work than ever and must solve a multitude of problems without regard for difficulty of the problems--those connected with agreements and new problems. We would have to act at once to moderate present difficulties and their effects, and at the same time think about the past social policy."

[Question] "Exactly, the Polish family which I referred to at the start of our conversation is concerned about its living standard not only because of the perpendicular increase of prices for food, increasing difficulties of supply or a need for resignation to increase in prices. They are also concerned if they lose part of their incomes as a result of increasing unemployment, especially young people entering adult life or women."

[Answer] "We are undertaking measures to limit the effect of the crisis in the sphere of employment. There are immediate actions to be carried out.

For graduates of schools and educational institutions, for whom there is a scarcity of work in industry, administration and other spheres, we want to create other possibilities of work and making a living. We propose, for example, the formation of youth work co-operatives which would undertake various socially useful tasks. I am thinking, among others, of help during the harvesting and processing of farm produce, during the transportation and distribution of help flowing from abroad, and of various services for institutes and private individuals. We are looking at the possibilities of work in socialist and capitalist countries. We are working on the real possibility of increasing the employment of youths in coal mines and in the mining of other raw materials.

"As regards women, our position is that they cannot be artificially forced against their will into the home. The estimation of their usefulness in each unit, in an industrial plant, in an office, etc, must always be made in accordance with occupational criteria and not wages. I agree that our previous wage system is constructed on the work of more than one individual in a family and some reduction of employment would painfully affect the living standard of the said family.

"Upon occasion it is desired to assure that, in spite of the need for substitutes and reduction of the living standard of society as a whole, the very weakly situated family will be preserved. How? Through the revision of very low wages, through higher than average compensation for price increases, through the distribution of social services. It is not just a question of money. Material services are also important. Among other things, foreign aid is and will be provided for very poor people."

[Question] "An objection which I address to our national policy sounds as follows: actions immediately outgrow the systems, the complex. For years it used to be that now I add to one, now to another, here and there some rush about, if it is recalled that broadly social solutions are the most important and enduring. The programs and their consistent realization are considered in definite time-limits."

[Question] "The objection is in part valid, even if we disregard the present time of deep crisis which really requires the postponement of certain matters and the development of immediate actions. However, as a ministry we are not working on the complex solution of many important matters from the sphere of social policy, a systems, complex and more enduring solution.

"In spite of the crisis, which really is adverse to the social sphere, we have raised the question of reorganizing wages. It is well-known that the many muddles prevailing with us in wages occur as unsubstantiated disproportions in the wages of different occupational groups and between branches and systems, and the wage structures are in many cases complicated, unjust and incomprehensible. And alienated from economic rights. A special commission has been set up which deals with all this, obviously with the participation of the trade unions. They deal with it while taking into consideration the economic reform soon to be implemented as well as previous postulates of society."

[Question] "Reform of the labor law also is linked with a systems, complex social policy."

[Answer] "A special commission has also been formed for that. Work also continues on the reform of social insurance and necessary changes in the employment policy. It must be recalled that many of the matters we have discussed are closely connected with a complex social policy. For example, annuities and pensions, the social minimum and ways to preserve the family. In the next few years the social policy will be aimed precisely at the groups of the population which appear to be the worst off, although it is clear it also cannot give up efforts to raise the living standard of the rest of the population. However, the principle of connecting productivity and efficience of work with wages must dominate.

"One thing is certain: today and certainly in the course of the next couple of years we must live frugally but at the same time we must shelter those in the greatest need. This is in accordance with the principle of social justice. Social policy must be just in all its elements. Not only theoretically, but also in the general feeling of the people and especially of those who work efficiently and perform their occupational duties properly."

A discussion followed the conversation.

2415
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EXCLUSION OF RESOURCES MANAGEMENT IN ECONOMIC REFORM ASSESSED

Warsaw ZYCIE GOSPODARCZE in Polish No 37, 13 Sep 81 p 4

[Article by Jerzy Pawlak: "Management of Natural Resources"]

[Text] The "basic assumptions of economic reform" do not conform to the principle of comprehensiveness. Lack of comprehensiveness refers to management of natural resources in general and mineral raw materials in particular.

The degree to which discovered and identified deposits of the more important minerals are mined is as follows: hard coal, 40 percent; brown coal, 62 percent; copper ore, 40-60 percent; sulfur, 40 percent; rock salt, 10 percent; crude oil, 10-15 percent; and zinc and lead ores, 62 percent.

Assuming this level of exploitation of deposits and the anticipated mining up to 1995, and in the following years at the level of anticipated extraction in 1995, then we will have enough mineral raw materials, beginning with the current year, to last us as follows: hard coal, 105 years; brown coal, 73 years; copper ore, 50 years; sulfur, 68 years; crude oil, 34 years; zinc and lead ores, 20 years.

Our greatest mineral wealth--hard coal-- is mainly stoking coal. We have very little coking coal.

These figures give pause for thought, for in the light of them the premise of great abundance in our country is not so valid. Can our management of mineral resources be regarded as rational? The answer is: Unfortunately, no.

First of all, we have not been able to overcome the prevailing impression here that mineral deposits are free property. As a consequence, the mining industry gets them for nothing and then for all practical purposes alone and with no economic responsibility decides which beds to mine and which to ignore. These decisions sometimes are irreversible and the abandoned beds are lost for future generations also. This is the result of a mandatory method of including geological resources with the so-called recoverable reserves and industrial reserves and with the division of decisionmaking competence in these matters. Recoverable reserves are those geological resources whose mining is economically justified. The decision on whether geological resources are counted as recoverable reserves is made according to recoverability rate criteria, i.e., the geological and mining parameters of the bed, the technological-quality parameters of the minerals, and economic indexes. The mandatory method of applying a profitability analysis of extraction, which is based on an investment effectiveness formula, is very important. Yet the function of an investment effectiveness analysis is to select a technique, to choose technological and technical solutions for specific investment ventures. However, in determining whether mineral beds can be profitably mined, we make a choice not so much of a technique as of a method of satisfying the need for mineral raw materials. That is, between importing and investing in our own mining industry. The formula for analyzing investment effectiveness is not adequate for this purpose, and the analyses made on this basis is incomplete. It takes into account only the costs borne by the enterprise which is working the mineral beds or by the ministry which is mining the minerals. Thus this is, at the most, a ministerial analysis and not an overall-social analysis. In view of this, does society bear the outlays when, in the obligatorily conducted recoverability rate analysis of mineral reserves, it has not been considered? The answer, unfortunately, is in the affirmative. Furthermore, in addition to this analysis, society bears:

-- outlays for geological searches. In the required analysis, only outlays for identifying previously discovered beds are taken into account, for these are financed from investment funds. Outlays for research and geological searches are financed from the budget and thus are not included in the analysis, even though their share in total outlays for geological work amounts to 12 to 90 percent, depending on the raw material;

-- outlays for environmental protection, in connection with restoring geological and biological balance disturbed as a result of minerals extraction;

-- outlays for regenerating the consumed mineral raw materials. Because most mineral raw materials cannot be regenerated, the analysis should include costs of research on substitute raw materials;

-- losses of those unextracted portions of beds which, as a result of decisions now made on their extraction, will be not extracted in the future.

The effect of such a procedure is also an artificial lowering of prices of mineral raw materials, which increases the demand for them, causing waste and a growing need for further searches. The result of this also is that the investment venture results of the mining industry are wrongly calculated and that the decisions being made on profitability are also incorrect, since actually, it may be otherwise. But this is only the first phase. The industrial reserves, i.e., that part of the recoverable reserves that will be mined, are separated out of the recoverable reserves. The basis for such a decision is a bed development plan together with a technical and economical mining analysis. The economic qualification for classifying recoverable reserves as industrial reserves is that the planned unit cost of extracting the raw materials from a specified deposits bed, or the average cost of extracting the raw materials on the scale of the entire deposit, where various parts of the deposit are mined simultaneously, not exceed the unit cost for a given raw material or for a specified deposit. This condition is easier to meet if the more favorable beds are classified as industrial reserves, rejecting the poorer beds from the standpoint of mining.

In the functioning system of managing mineral raw materials resources, the extraction profitability analysis is the only economic instrument. Aside from its shortcomings, the informational-decisionmaking system, which is inconsistent and scattered, plays an important role. There is no single manager in Poland who would be responsible for managing the country's raw materials base. Authority for making decisions now rests with the ministers who supervise the mining enterprises. Each of these ministers makes decisions on the basis of the goals of his own ministry, and not on the overall-social goal, which does not at all conform with the short-term goals of the individual ministers. Furthermore, there is no one to make decisions on competitive applications of a specific mineral.

The Central Office of Geology fulfills only an advisory function in this regard. Thus we have a vicious circle. The ministries mining the mineral deposits maximize extraction, for that is the basic goal of their operations. Maximization of extraction causes the elimination of the poorer, from the mining standpoint, deposit beds. As a result, new searches for deposits are demanded. The effect is insufficient exploitation of deposits, on the one hand, and a demand for increased raw materials investment on the other hand.

The deficiencies in the present system of organizing and managing mineral raw materials resources point to the need to change the approach to the management of these resources. First of all, the subordination of the management of mineral deposits to the mining industry must be discontinued. The goal here cannot be maximization of extraction, but efficient management of deposits, taking into account both current social needs and the interests of future generations. The basis of such efficient management should be cost effective analysis, which takes into account not only the direct costs of extraction, but also the indirect costs, i.e., costs which the mining enterprise now does not bear, but which society has to bear. This means that new instruments will have to be selected, new mechanisms and management methods, adapted to the specificities of natural resources. That is why the following are indispensable:

-- Organizing a decisionmaking system dealing with the management of deposits in such a way that there will be cohesion between the goals of the individual decisionmakers and the overall-social goal;

-- Changing the now-binding formula for extraction profitability by including in it the indirect outlays connected with minerals extraction;

-- Applying a principle of "selling" identified deposit beds to the mining instrustry with payment for use of natural resources, and including these payments in both the recoverability rate analysis and the extraction costs;

-- Changing the system of financing geological work by creating a fund for geological searches from part of the sales of resources and payments for use of reserves, and using this fund to finance the comprehensive process of geological work, from research to identification;

-- Appointing a single chief organ of state administration, responsible for management of natural resources.

In a planned economy, theoretically, conditions for implementing the principle of efficient management of natural resources are better. Thus far, this opportunity has not been taken advantage of. In any case, theory here is not enough. Preparation and application of a system of organization and management, peculiar to natural resources, is indispensable. Prof A. W. Sidorenko, former Minister of Geology in the USSR and member of the USSR Academy of Sciences, believes that the era of treating individual deposits of resources from the standpoint of the interests of individual ministries has ended. If natural resources are to be used efficiently, and all elements of nature are slowly becoming such resources, then one manager of these resources must be appointed, who will manage these natural resources on the basis of scientific principles.

The present economic reform cannot ignore this strategically important field of management. If it does, the reform will be incomplete and our successors will be justified in accusing us of lack of imagination.

9295
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POLAND

PRECONDITIONS FOR ECONOMIC REFORM ASSESSED

Warsaw TRYBUNA LUDU in Polish 21 Sep 81 p 3

[Article by Krzysztof Krauss: "How to Get Out of the Crisis -- On the Foreground of Reform"]

> [Text] Seemingly it is only a matter of weeks or months until the comprehensive, deep reform, which is supposed to introduce new, and in many cases innovative, methods of stimulating the growth of management efficiency, will be applied. This reform, a Ninth Extraordinary Party Congress resolution states, "is a basic condition for the success of the program for getting out of the crisis and creating the foundations for Poland's socio-economic development".

Officially, it is to go into effect at the beginning of next year. In actuality, this is not a single administrative act but a multistage and multiplane process, which has already begun. It began in the sphere of legal actions, with the debate on the draft laws on state enterprises and on state enterprise workforce self-government.

These laws, as soon as possible, should be supplemented with drafts, submitted for wide public discussion, of legal regulations pertaining to planning, the economic system, the principles of taxing enterprises, and the banking system. The complete set of these documents, based on proposals worked out during discussions in the Commission for Economic Reform over many months, should put the legal state in order, clear the foreground for reform from the standpoint of official solutions, and establish the socialist character of the transformations being made in the management of the economy.

Tests in the Factory

At present, in accordance with the PZPR Central Committee's Third Plenum decisions, (and in some enterprises it has already taken place) the next plane of economic reform application is beginning. It is the "try-on" taking place in all workplants and also in the branches and subsectors, for functioning under new economic and legal conditions. That is, the creation of their own types of opening balances with which the enterprises are to cross the threshold of independence, self-government and self-financing, and the realization of all of the consequences, positive and negative, which the enterprise workforce and its management personnel will have to bear in assuming not just the broader authority but also the responsibility.

"Operating scenarios" must be prepared in each enterprise and in all of its organizational elements. These must contain, on the one hand, the most complete, consistent and logical mechanisms for translating the general reform principles into detailed, working solutions, operating within the economic units. These mechanisms must be adapted to the specifics of those branches and enterprises. They must be such as to ensure the integral unity of the rules in effect in the enterprise's relations "on the outside" with the "rules of play" which it will apply in its own arrangements.

On the other hand there must be the "operating scenarios" which will put into motion those activities that prepare the ground for initiatives that serve to make decisions on the efficient organization of work, its effectiveness and productivity under actual conditions of demand for an enterprise's products and services. The following must be taken into account: The supply of raw and other materials and energy, the restrictions in investment and foreign exchange (production programs, employment problems, scientific and technical advancement, work standardizing systems, cost accounting, material and nonmaterial incentives, co-production, etc.)

These activities also include (to which attention was called during the PZPR Central Committee's Third Plenum) honest preparation and practical verification of such important instruments linking strategic planning on the State level with the enterprises' independence as new price systems, new principles for establishing wages, new forms of budgetary settlement of accounts, etc. These are naturally only "new rings", only fragments of the mechanism which is to be put into effect at the beginning of next year. But the saying that "the devil lurks in details" contains some truth. A situation cannot be permitted under which all of the machinery that has been put into motion will become jammed at the beginning simply because one of the details of this machinery, these cogs, does not fit and does not function as it should.

The Most Urgent Actions

These are matters that are frequently written about and discussed. There is, however, still one plane which determines the preparation of a foreground for reform and the establishment of conditions on which this reform will take place. This plane is at least as important as the previous ones, but on the whole it is not fully recognized. That is the group of emergency actions aimed at returning, in the shortest possible time, organizational and technological order and discipline in the economy, halting the decline in production, the national income and foreign trade turnovers, using those means which are already available. This is a set of emergency measures directed at alleviating tensions in energy and raw and other materials balances, at reducing the inflationary threat and restoring the value of money, at normalizing the market at least relatively, and at gradually reducing the growth of the foreign debt.

Such an outline of the most urgent actions is called "The Government Program for Overcoming the Crisis and Stabilizing the Country's Economy". It covers an extensive set of measures in six basic fields:

-- halting the drop in production and beginning its gradual increase;

-- restoring market balance;

-- budgetary economies;

-- putting the situation on the investment front and research and development facilities in order;

-- employment dislocations;

-- restoring payments balance and beginning pro-export structural conversions in the economy.

Protected Zones

The basic premise of the emergency program is the thesis that getting out of the crisis should be begun first of all with the elimination of waste in factors of production. In addition to long-range activities aimed at an overall increase in management efficiency, the "protected zones" must be clearly defined in the initial period and attention must be concentrated on them, assigning them absolute priority, even at the cost of the remaining zones. These "protected zones" are food, and in connection with this, fodder and means of production for agriculture; medicines and personal hygiene items; basic clothing and footwear articles for children and youth; electric power and energy raw materials, and export.

If necessary to reinforce the "protected zones", those resources which are now earmarked for the remaining goals should be taken. This, however, is not an action that can be continued indefinitely--it has limits. The economy is a system of interconnected instruments and even if restrictions on industries not serving the "protected zones" were to appear to be simple and easy, with time the existing structural tensions would deepen. The same with transferring funds from the investment section to the consumption section.

That is why, without abandoning this type of operation when it is indispensable, it is necessary, first of all, to do everything possible to increase the amount of goods and services and the generated national income, and consequently, the national income for distribution.

The fundamental barrier to production growth and, in consequence, growth of national income, is the shortage of raw and other materials. A great deal can be achieved by reducing the consumption of materials per unit of production, but this requires a great deal of time, and the raw materials are needed right now. That is why now, as an additional activity and not as a substitute for improvement in management of raw and other materials, the main effort should be directed at increasing the production of domestic raw materials and the growth of imports of raw materials in those cases where this would result in an improvement in the utilization of machinery.

There are fields in which past neglect has now reduced the productivity of the entire economy. Giving them particular attention--the government program cites private peasant farms and the entire food economy sector, small-scale manufacture, trade and services--would thus produce a "cumulative effect". At the same time, these are the areas of management where activation of automatic processes of development can be most rapid.

The implementation of the emergency program should be based--obviously--first of all on instruments corresponding to the logic of the new economic system, but the situation is exceptional and because of this in specific justified cases extraordinary measures may be applied. Such, for example, as distribution, different forms of rationing, etc.

Time is Running Out

The stake, for which the game is being played, is an improvement in the economy which would bring it as close to normal as possible. And this stake is extremely important: the more "normal" the economy, the more certain the ground on which the initiative of independence, self-government and self-financing of enterprises will develop. The sooner economic reform produces results, the wider will be its scope and the deeper the changes that it brings.

Thus this is also--a consistent implementation of the emergency program--an integral plane of preparations for economic reform. In the cycle of articles, talks, public opinion polls, news, all under the common title, "How to Get Out of the Crisis", we wish to take part in the implementation of this program, assist in its actualization.

We have little time and it is growing short. The crisis, which was deep a year ago, is now even deeper. Our joint aspiration, and also our joint duty, is to halt any farther downfall and to finally come out "on the straight". That the hopes which we have placed in economic reform not be wasted and that this opportunity be fully taken advantage of.

9295
CSO: 2600/6

POLAND

MINISTRY OFFICIAL INTERVIEWED ON PROBLEMS OF DISPARITY IN SALARIES

Warsaw TRYBUNA LUDU in Polish 17 Sep 81 p 3

[Interview with the Director of the Economics Department at the Ministry of Labor, Wages, and Social Services, Krzysztof Gorski, by Zofia Krzyzanowska: "The Dead Zloty and the Live Zloty: Restoring the Health of the Policy on Wages" Passages enclosed in slantlines printed in boldface]

> [Text] During the 1976-1980 period labor productivity increased 11.6 percent while nominal wages increased 55.3 percent. During the [first] five months of this year labor productivity declined 11 percent compared with a like period last year, while wages climbed by an additional 23.6 percent. Is it possible in such a situation to speak of a wages policy and... of the ways and means of restoring the health of that policy? This is the question we asked of the Director of the Economics Department at the Ministry of Wages, Labor, and Social Services, Krzysztof Gorski.

[Answer] Considering that last year we spent about 190 billion zlotys on wage raises and that the inflationary curve reached 500 billion zlotys, it is obvious that we are operating with a "dead zloty"--a zloty that is not offset by [the supply of] goods and services. The amount of these "dead zlotys" increases each day by about 1.5 billion zlotys.

This is one aspect of the situation. Another is the proportions of the distribution. Operating on the basis of even these "bad" zlotys would have a definite social purpose if we were to reach with them the lowest-income groups; then this would serve the cause of equalizing the changes for everyone.

Hence our program objectives are primarily to protect the interests of the weakest groups--workers with the lowest incomes, pensioners, beneficiaries, families with many children, etc. But this programmed protection as well as, in particular, the practical possibilities for its implementation, are limited by the pressure of the demands of the strongest groups.

/In practice there exists the "bargaining policy" which, contrary to all assumptions and declarations on the part of both the government and the trade unions, results in an increase in wage disparities among branches, plants, and individual

/wages within plants. Another consequence of this policy is the loosening (or even disruption) of the bond between the effects of labor and its remuneration./ To be specific: the construction industry output during five months of this year fell as much as 20 percent while at the same time wages increased 29.5 percent.

In the course of a year the wage increases in construction averaged 1.736 zlotys per worker, while the much less well-paid workers in the communications industry during the same period received wage increases averaging 1,002 zlotys each. The victors in the bargaining policy are the branches to which priority has traditionally been given and which hence in most cases pay the better salaries, at the expense of the weaker branches such as the consumer industries or the service industries. This is a persistent and deepening process, because the numerous public agreements, agreements with the branches, etc., being not always precisely formulated, provide grounds for unending disputes.

How to Stop Bargaining

[Question] What are the possibilities for changing this situation?

[Answer] /First of all, it is necessary to put an end to the practice of raising wages and conferring privileges on discrete worker groups in an uncoordinated manner based on negotiations with these groups./ Even if this concerns obligations ensuing from signed agreements. /Secondly, it is necessary to sit down at a common table with all the interested parties, and chiefly with the trade unions, and agree upon the principles and procedures of the wages policy or rather of the entire incomes policy for the next few years./

This would concern two groups of issues: first, joint determination of specific wages/policy priorities and, second, joint determination of the methods and instruments of implementing that policy. The latter problem is also particularly essential in view of the fact that, in accordance with the premises, as of 1 January 1982 we will enter upon the economic reform.

/The Ministry has prepared a study containing moderately comprehensive proposals concerning the basic directions of the wages policy for the next few years./ The study was drafted last June and it has gained preliminary approval of the government. It appears that this study can provide a good foundation for initiating discussions with the trade unions.

The Lowest and the Highest

[Question] What are the basic premises of that study?

[Answer] I believe that priority should be given to revising the current rate-scale system, which is obsolete especially from the standpoint of the reform, under which a large part of remuneration will hinge on economic performance. Thus, fairly rigid solutions will have to be abandoned in favor of their more flexible counterparts providing economic organizations with greater room for maneuver and with greater possibilities for utilizing profits sensibly as [illegible] incentives.

/The rate scale which we proposed evaluates labor on the basis of two fundamental criteria: degree of complexity, autonomy, and method of execution, on the one hand, and the training or education required on the other. This is complemented by a rate scale pertaining to difficult working conditions,/ which we construe as physical effort, arduousness of labor, and health hazard and menace. /This is further complemented with a rate scale for management functions/ which takes into account the magnitude of personal responsibility and risk and the complexity of the management function.

The new rate scales should be provided together with new graduated wage tables and accompanied by maximal unification of the various forms of additional pay; extra pay for second-shift work, extra pay for night work, extra pay for seniority, etc.

[Question] What about the lowest and highest wages?

[Answer] As regards lowest wages, the views of this question have by now been clearly settled. /The minimum wage should provide a periodically adjusted social minimum for the single individual./ Of course the lowest wages would remain a centrally determined category during the economic reform as well. /As for the problem of the highest wages, it is more debatable./ This concerns both the postulated disparities among lowest, medium, and highest wages and the differences in the views as to whether a rigid wage and salary ceiling should be centrally determined or indirectly manipulated into being. As regards the former question, we assume that /in the actual situation we should aim at maintaining the ration between lowest and highest wages at 1:7 or 1:8./

Thus we arrive at a ceiling of 20,000-21,000 zlotys monthly. But already in 1980 this ceiling was exceeded by 8,400 persons, including 3,600 blue-collar workers. Currently the group with highest incomes is much larger, with as much as 80 percent being represented by blue-collar workers from the privileged branches such as mining, construction, and transport. But we have this principle: no one should be deprived of the wage or salary level he already has reached. Besides, fixing an absolute wage and salary ceiling would be an obstacle on the path of complete utilization of individual initiative and possibilities. /Hence we wish to consider that ceiling as merely a limit beyond which the equalization tax applies. This tax makes allowances, besides, for the family situation [size] of the worker./

A Lost Occasion

[Question] As is known, on 1 January 1982 an overwhelming part of our enterprises will start operating under the new conditions of the economic reform. This conversion will take place in the presence of faulty proportions among wages, a disorderly level and ratio of prices, and the inflationary curve, which result in a shrinking ["dead"] zloty. Does not this endanger the success of the reform? And under these conditions, just how real will be the new wages policy?

[Answer] We too are struggling with this problem. From the standpoint of the reform, it would be ideal to start it with "good" money and a fairly well-ordered price system, but neither exists.

[Question] In view of this, might not it be appropriate to concurrently introduce a reform of wages and prices?

[Answer] In the first drafts of our study we assumed the possibility of introducing a single large-scale wage-and-price measure before this year would be over. As is known, for many reasons this idea is not realistic. /Thus there arises another solution, which is certainly worse and more difficult: a gradual reduction of wage disparities and the equally gradual--stretching over two or three years--attainment of "good money," after the introduction of the economic reform. This is, I repeat, a more difficult solution, becuase, after the economic reform is introduced, we should not in principle resort any longer to direct subsidy-type wage controls. We will thus be able to operate only with indirect means./ It should also be considered that the greater part of all earned income is not offset by the supply of goods and services, which is bound to adversely affect the incentive function of remuneration. This restricts the effects of the reform.

The Need for Bargaining

[Question] In view of this, is not there a danger that "wage bargaining" will continue and will result in a further increase in wage disparities, and will not this make questionable the effectiveness of the reform?

[Answer] Hardly. Despite everything I remain an optimist. Although the situation is complicated, we still have a chance of sailing into calm waters. But the time at hand for working out common concepts and a common consensus with all partners is running out. /One thing is certain to me: the current policies should be continued neither during the three months still remaining until the introduction of the reform nor during that reform itself./

This is in the common interest of both the government and all--I emphasize, all--the trade unions. /We must sit down as soon as possible at a common table and make the effort and show the desire for joint action as partner in order to agree upon the plan and methods of the wages policy in the presence of the reform as well as in the situation in which we are making the start. If this fails, if we shall continue the wages policy on the basis of uncoordinated sector-by-sector negotiations and compromises, we may all bear equal responsibility for the failure of the reform--a reform in which the public is placing such great hopes. I personally am convinced that no one wants it to fail.

1386
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SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw ZYCIE WARSZAWY in Polish 25 Sep 81 p 4

[Text]

Polish National Bank Warsaw 25 September 1981

Excerpt From Foreign Exchange Rate Table No 18/81
Special Currency Exchange Rates in Zlotys

Country	Foreign Currency	Foreign Exchange and Money		
		Purchase	Sale	Average
Australia	1 Australian Dollar	39.07	40.67	39.87
Austria	100 Schillings	201.19	209.41	205.30
Belgium	100 Francs	86.37	89.89	88.13
Denmark	100 Kroner	449.42	467.76	458.59
Finland	100 Markkas	769.83	801.25	785.54
France	100 Francs	590.18	614.26	602.22
Greece	100 Drachmas*	61.07	63.57	62.32
Spain	100 Pesetas	36.59	38.09	37.34
Holland	100 Florins	1,224.83	1,274.83	1,249.83
Iceland	100 Kroner*	427.50	444.94	436.22
Japan	100 Yen	14.71	15.31	15.01
Yugoslavia	100 Dinars*	84.43	87.87	86.15
Canada	1 Dollar	27.95	29.09	28.52
Lebanon	100 Pounds	761.50	792.58	777.04
Luxemburg	100 Francs	86.37	89.89	88.13
Norway	100 Kroner	560.27	583.13	571.70
Portugal	100 Escudos*	53.44	55.62	54.53
Federal Republic of Germany	100 Marks	1,412.60	1,470.26	1,441.43
United States	1 Dollar	33.77	35.15	34.46
Switzerland	100 Francs	1,631.49	1,698.09	1,664.79
Sweden	100 Kroner	629.17	654.85	642.01
Turkey	100 Pounds*	33.62	35.00	34.31
Great Britain	1 Pound	62.02	64.56	63.29
Italy	100 Lira*	2.81	2.53	2.87

*In purchase of currency from below listed countries the following exchange rates are used:

Greece	100 Drachmas	56.04
Yugoslavia	100 Dinars	78.32
Portugal	100 Escudos	51.44
Turkey	100 Pounds	30.77
Italy	100 Lira	2.91

Special currency exchange rates are used in settlement of accounts for current transactions.

Basic Currency Exchange Rates With a Surcharge in Zlotys

		Foreign Exchange and Money		
Country	Foreign Currency	Purchase	Sale	Average
Albania	100 Leks	181.84	183.66	182.75
Bulgaria	100 Leva	2,182.21	2,204.15	2,193.18
Czechoslovakia	100 Koruny	211.24	213.36	212.30
People's Republic of Korea	100 Won	1,057.19	1,067.81	1,062.50
Cuba	100 Pesos	1,730.05	1,747.43	1,738.74
People's Republic of Mongolia	100 Tugriks	459.41	464.03	461.72
German Democratic Republic	100 Marks	720.13	727.37	723.75
Romania	100 Lei	215.42	217.58	216.50
Hungary	100 Forints	130.20	131.50	130.85
Vietnam	100 Dongs	1,000.28	1,010.34	1,005.31
USSR	100 Rubles	2,304.42	2,327.58	2,316.00

Basic currency exchange rates with a surcharge are used for non-trade payments. For travellers checks purchased in rubles from the Foreign Trade Bank of the USSR, and payable outside the USSR in the currency of the country where used, the exchange rate of 4,672.54 zlotys for 100 rubles will be used. Exchange rate table No 17/81 dated 15 September 1981 is no longer valid.

Exchange rate tables are available for view at all branches of the Polish National Bank.

CSO: 2600/12

IMPLICATIONS OF PGR (STATE FARM) REFORM DISCUSSED

Basic Principles of Reform

Warsaw TRYBUNA LUDU in Polish 29 Jul 81 p 4 [Passages enclosed in slantlines printed in boldface]

[Article by Marcin Makowiecki]

[Text] /As of 1 July new principles of the management of the state sector in agriculture and a new economic-financial system for PGRs [State farms] have become effective. The draft of the pertinent decree of the Council of Ministers had been worked out according to the premises of the economic reform and, prior to its approval, submitted for discussion to the concerned occupational-professional community./

The new system reflects the principle of uniform economic conditions in every sector of agriculture. This has become possible due to the increased procurement prices--as of 1 April and 1 July this year--which markedly improve the profitability of production.

Of what do the new forms of PGR management consist? Primarily, the traditional system of directive-type management, with its centralization of decisions "from the top" on production tasks that often conflicted with the possibilities and interests of the farms, has been abolished. The traditional system hobbled initiative and reduced the management of production to the implementation of tasks set by the top.

/The new system provides PGRs with complete autonomy, chiefly financial. Henceforth the management and the crew must plan and organize production and select technologies so as to be on their own. The state will influence the directions of production by the parametric system of management--that is, by applying periodically updated procurement prices, as well as prices of capital goods and materials--and, among other things, by means of taxation./

The starting premise is that present procurement prices, which are identical for all sectors, enable state farming enterprises to operate profitably. Accordingly, the basic criterion for assessing management efficiency can be the financial performance--the profits from sales of production.

The adoption of this premise has led to eliminating the traditional subsidies and extra payments to equalize prices or offset partially production cost. All of the enterprise's activities, including investments, will now be financed from its profits. Of course, bank credit will be available, but in the form of interest-bearing loans that must be paid from gross receipts.

The traditional subsidies greatly affected the financial performance of state farms but not their production level. The state exchequer simply paid subsidies to the farms regardless of their performance.

Under the new system a complete elimination of subsidies is not envisaged. They will, however, be allotted solely for defraying farm expenditures to implement tasks of national importance; e.g., the cost of pedigreed livestock raising, seed growing, training, public campaigns, dissemination of agricultural progress, preservation of cultural relics, etc.

/The introduction of the principle of the full financial autonomy of enterprises entails major organizational consequences. First, the enterprise will operate on the basis of its own production plan, current and long-range. Second, in accordance with the general premises of the economic reform, the conception of the plan and the manner of its fulfillment will be developed and evaluated by enterprise self-government, which will be endowed (in a future decree on enterprises) with broad competences./

The intent of the newly introduced PGR changes is to link economic performance to the material interests of the farm's personnel. This is assisted by the distribution of profits, with part of the remuneration of employees contingent on the financial performance of the enterprise.

The profits of the state farm are earmarked for repaying the accrued bank loans and setting up special funds: reserve, bonus, social and developmental funds. Each of these funds has its own purpose; e.g., the reserve fund is intended to cover temporary losses or to augment bonuses and special expenditures should they be smaller than in the preceding year, while the development fund is used to finance investments and repay the principal and interest of loans contracted for that purpose.

/Enterprises that operate profitably and whose performance improves, set up a bonus fund and a social fund. These funds are part of the motivational system prompting the personnel to increase labor productivity and economical operation. On profitable farms bonuses may reach 60 percent of the wage fund. Bonuses will be also granted to employees of unprofitably operating farms--but only to those whose performance improves. Such bonuses may not, however, exceed 15, 25 and 30 percent of the wage fund, respectively, during the first 3 years of recovery of profitability./

The adoption of profits as the sole criterion for assessing the performance of an enterprise might in certain instances result in some negative effects. For example, profits can be increased by limiting outlays and conducting extensive farming. Such effects can, however, be counteracted with the aid of appropriate economic instruments; for instance, among other things, maintaining high prices for these agricultural products requiring substantial outlays will result in a high level of production and profitability. Similarly, intensive farming will be encouraged by a high level of fixed production costs (depreciation of fixed assets, land tax, insurance premiums, etc). Only high-level and intensive production can cause the cost per product unit to be relatively lower, which, in turn, is decisive to the enterprise's profitability.

Thus, this system best fits the good and highly productive farms. What happens to the farms operating under difficult conditions, without appropriate buildings and on poorer or completely bad soils? After all, in recent years quite a large number of such farms has arisen. In such cases, the application of certain financial relief from taxes and insurance premium is under consideration, along with valuation according to a soil classification system based on the concept developed by JUNG [expansion?]. This concerns, however, only a certain group of farms, because the general rule is that profitability is a prerequisite for the existence of an enterprise.

/Some of these enterprises operate in the red, as is known. In many cases this is due to difficult farming conditions, but in still more cases this is due to organizational mistakes, improper technology (e.g., the costly farm-"palaces"), mistaken direction of production and simple mismanagement. The authors of the reform provided the farms with a chance to overcome the crisis. For the first 3 years, they will be able to offset their losses with the aid of lump-sum bank loans./

If, however, in the course of these 3 years, the enterprise does not become profitable, it shall be closed or reorganized so as to assure profitable operation. This principle must be ruthlessly followed to put it plainly, no one will have to subsidize operations in the red.

By providing for this possibility, the creators of the system expressed the general principle that enterprises--and not only those operating at a deficit--should select for themselves an organizational form to assure profitable operation. This is an important decision, which halts various "initiatives" for arbitrary subdivision or consolidation of farms without regard to economic effects.

The process of the adaptation of organization to farming conditions has commenced. Certain combined farms established without regard to economic realities have been dissolved. Other combined farms will continue. The decision will be up to the farms themselves. What matters a great deal is that these successive reversals not result in forfeiting any actual accomplishments and outlays on farm expansion.

Autonomy imposes on the enterprises and their personnel new obligations. They must answer the question of whether, given their present structure of production, they satisfy the fundamental condition: Will they be permanently profitable? If not, what should be done to improve financial performance?

[illegible] on their new road--autonomous and self-governing--represent a new factor in our agriculture and the first step toward the general economic reform. Though they may meet quite a few obstacles during the initial period, the more [illegible]--the community and the cooperating institutions--must also adapt to the new situation. Certainly, there will be unavoidable attendant difficulties, but no one should lose his nerve or patience. The new system requires of everyone a period of adaptation./

Interview, Deputy Minister of Agriculture

Warsaw CHLOPSKA DROGA in Polish 1 Jul 81 p 3

[Interview with Andrzej Kacala, deputy minister of agriculture, by Anna Turska, no date or place given]

[Text] Certain people are rubbing their hands on learning that we will parcel out the PGRs. We shall eat legendary hogs feeding on American grain to the bursting point (11 kg of grain per kg of weight increment of meat and fat), whereupon we will shut down those showcase farm-palaces and commence low-cost fattening on private plots and on the farms of farmer-laborers, whose joblessness will again be a rural phenomenon. The PGRs are not liked and nearly everyone is glad that this favorite son of socialist agriculture finally will get its retribution. Formerly this Benjamin used to receive presents and was praised and petted, and now he will be treated the same as everyone else.

Were the picture of state farms to be imagined solely on the basis of press lecturers--with the exception of ROBOTNIK ROLNY [THE FARM WORKER], which, by its very nature, is more knowledgeable--one would think that they are a millstone on the neck of our agriculture, that they are of no use and only cause losses and disaster. Piglets die and are buried instead of being transported to Bacutil; calves drop dead; bulls die of hunger; cows give no milk although they stand in luxurious ultra-expensive pens, in which one only needs to push buttons for the milking to take care of itself. Aircraft shower fertilizer over fields and subsequently an entire cavalcade of machines harvests 200 quintals of sugar beets per hectare. And all this is centrally directed from the edifice at 30 Wspolna Street in Warsaw.

This Must Be Reformed

Although the general condition of state farms is not as apocalyptic as might ensue from my somewhat satirical introduction, experts in this branch do perceive shortcomings in the performance of state-owned agriculture. For a long time the need to fundamentally reform their operation has been discussed on state farms. A proposal for a new economic-financial system and management structure has been drafted over many months. It has been assessed both locally, by the trade unions and also by the Commission for the Economic Reform. This proposal has met with far-reaching approval. Quite a few additional comments and suggestions have been made; they do not affect the fundamental premises and instead provide a needed complement. This broad consultation and discussion, conducted last spring, have at the same time been regarded as preliminary training for the new system, which becomes effective 1 July.

[In this connection, the following is the text of my interview with the deputy minister of agriculture, /Andrzej Kacala/]

Question: State farm consortiums will be abolished and the administration of PGRs will be carried out with the aid of associations. When will that happen?

Answer: That will happen as of 1 July this year. The consortiums will still operate for some time, but at the same time the associations will be set up. We expect the consortiums to continue until year-end, or perhaps even longer, since they have several tasks to perform. First, they must assist the state farms in introducing the new system, which is no easy task. Second, they should assist in the organization of associations and, primarily, association bureaus. The traditional consortiums often comprised several provinces each, whereas not it will be necessary to establish associations in every province. There were 27 consortiums, whereas there will be 44 associations.

Besides, a consortium is an economic organism conducting economic activities. Under current regulations, these activities have to be discontinued, so that the associations will still for some time have to perform the functions of consortium-dissolving commissions.

Question: Afterward, will the association take over the functions of the consortium?

Answer: No. The functions of the future association must be absolutely different from those of the consortium. The grouping of enterprises in associations is intended to derive economic benefits from joint activity. The association will be headed by a council consisting of farm directors and representatives of employee self-government from the farm personnel. The council will decide on all issues important to members of the association.

The council will be assisted by the association bureau [central office], which may also perform assignments for individual farms such as the providing expertise and assistance in organization for the investment process.

The association will represent the interests of the state farms in contacts with other companies and assist in drafting plans, introducing [technological] advances, etc. It will not, on the other hand, perform any directive-type functions, unless the association's council votes upon some recommendation to be carried out by the farms. The farms themselves will decide their own directives, rather than bureau functionaries. This may apply only to certain problems; e.g., joint investment undertakings or the distribution of scarce capital goods. The efforts to obtain and distribute capital goods are the largest task of the associations and at the same time their greatest source of troubles, because the reform in the PGRs is preceding reform in an overwhelming number of other enterprises.

Question: The introduction of the reform will surely be accompanied by noticeable changes [illegible] administration?

Answer: [illegible] will employ a much [illegible]

Question: Apparently quite a few combines [combined farms] will be disbanded?

Answer: They already are disbanding. If this is justified, we do not hinder it. However, we strictly observe the following principle: if the maker of the proposal to disband a combined farm or to secede from it--that is, an enterprise that often, at the expense of others, received extra funds and subsidies--operates something such as a workshop serving others, we cannot accept the proposal. Separating such a good enterprise from the combine would weaken the other enterprises and cause economic harm. In such instances, the personnel of the entire combine must make their opinions known.

Question: The equalization of operating conditions of PGRs with those of the other sectors of agriculture--of what will it consist?

Answer: The state farms will have to pay taxes just like private farms--on the same principles--and they will have to apply for loans to the same banks, too--loans that will not be written off.

Question: Will pedigreed livestock raising be handled by the voivodship associations?

Answer: Pedigreed breeding and seed growing will remain within the system of the national consortium or association. This concerns the production of the means of production for the needs of the entire country, and so it must be balanced under the national rather than voivodship system. Otherwise, every voivodship would produce for itself alone or primarily, and the regions with the largest numbers of pedigreed-breeding and seed-growing stations would be in the most advantageous position.

* * *

Revisions and discussions have long been under way. The past farming year represented, in a sense, a broad trial period during which no central indexes were imposed from the top. But that was only a foretaste of autonomy, because some consortiums did not abandon directive-type management. Autonomy and self-government are tremendously fashionable and desired features, but their actual application does not, in general, proceed smoothly.

There will be many, various stumbling blocks. It is not easy to execute a complete 180° turn and to break the habit of not only issuing detailed directives but also waiting for the directives. It is difficult to abandon the treadmill and to determine the best path on one's own: the directive-type system has been mandatory for too many years. Thanks to the clamor for self-government, however, perhaps those who are capable of making astute and courageous decisions on their own will finally make themselves heard; perhaps due to such people the PGRs will cease to be a whipping boy and an example of proverbial unpunished waste and inefficiency, with wellsprings largely in the system of management.

Interview, Central Administration Official

Warsaw ZOLNIERZ WOLNOSCI in Polish 26 Aug 81 p 4

[Interview with Zygmunt Zason, deputy chief director, PPGR Central Board, by Roman Lerther, no date or place given]

/Perusal of the Decree No 114 of the Council of Ministers, which reforms the economic-financial system of the state farms and becomes effective 1 July, inevitably suggests that it can be described as a revolution. Certainly socialized agriculture will survive this revolution if it introduces the provisions of the reform without distortions. Some will say that we have had plenty of such revolutions. As a matter of fact, the PGRs have served as a permanent experimental field for the introduction of ever new, and sometimes conflicting, concepts. That is why it is not surprising that people approach this next experiment with mixed feelings. "Have they reasons for it?" I asked the deputy chief director of the Central Board of PPGR, engineer Zygmunt Zason./

Answer: Assuredly, they do. That is why changing their mentality is a most important matter: [there is a need for] such actions to build confidence and assure belief that this is not a short-term reform that will be supplanted by others. The Council of Minister decree that introduces the new economic-financial system, proceeds from principles adopted in the agricultural policy directives determined by the Politburo of the PZPR Central Committee and the Presidium of the Supreme Committee of ZSL [United Peasant Party]. The system is based on the concept of one agriculture in the entire Poland, divided at most into good and bad rather than into sectors. Oneness also means identical conditions for all.

What else characterized this reform? The principles of economics were based on actions tested for several decades in such a large sector of the economy as private farming. Hence, this is nothing new: the peasant operated on these principles, and we wish to do the same. Ever since the abolition of compulsory deliveries, private farming governs itself by exactly the same rules as those now proposed for PGRs.

Question: Since this is so simple, could it not have been done earlier?

Answer: No, it could not, for various reasons. We started to experiment in the early 1970's, and we already had a method, but--I do not know how to say it--it simply could not be done in the past. The entire economic lobby was convinced that Poland could attend exclusively to developing its industry, and that, on the basis of the principles followed by the Netherlands, Belgium and other such countries, it could produce goods--e.g., automobilies, color TV sets and many other showpieces--sell them and buy food from the proceeds. The development of industry rather than of agriculture was to become the basis of the prosperity of the entire nation. One thing was not borne in mind, however. Holland does indeed import a lot of food, but it also grows a lot of its own food; it makes considerable outlays for this purpose, invests in the food sector and assures the proper conditions for its smooth development.

Question: [illegible], was it [illegible] those conditions that left so much [illegible] [illegible] earlier?

Answer: Precisely, it was. That is why we must provide real, competitive conditions and demonstrate the superiority of the socialized economy in action rather than in theory. Its superiority can be demonstrated once we base all agricultural production on cost-effectiveness analysis. We cannot operate as we did in the past when, for instance, it was decided that the state farms would plant rapeseed on 250,000 hectares because the peasants did not plant it.

Question: State farms have been acting as a life belt: what failed in private farming was repaired by means of directives in socialized farming.

Answer: Of course they have. Only if actual cost effectiveness is taken into account, along with proper utilization of the conditions on a particular state farm, will it be possible to compete with good private farmers. Gmina heads or reeves do not order peasants to get rid of sows and replace them with calves. Had they tried to do so, they certainly would have been threatened with wagon stakes and driven away. Yet on state farms decisions of this kind are taken quite frequently.

The new reform postulates two-level planning. At the central level will be plans-forecasts. Peasants [private farms] account for about 80 percent of the production. But what plans comprise them? None do. At most, a gmina has certain expectations based on control lists. If 80 percent of production can be planned on the basis of a forecast, why should not the remaining 20 percent also be planned on that basis? Thus, on the one hand is the plan-forecast and on the other, the plan for the state farm, since, pursuant to the adopted principles, it must conduct cashless transactions.

The comptroller of the state farm will be its financier--its bank. The annual plan is needed precisely so that it can serve as the basis on which the bank determines the financial performance of the state farm. In addition, there is a need for a long-range plan postulating directions of development based on available data. Plans of this kind serve as the basis for financing by the bank, which analyzes them and, in the event that the adopted premises are wrong, will comment something like "Sorry, but we do not like it. You are too extravagant, your income is inadequate. We are discontinuing our financing of you: we do not have money to throw away."

Question: Don't you think that the bank's role is too big?

Answer: It is by no means. After all, throughout the world the bankers decide on the economy. If a proprietor is a good manager and keeps a lot of money in the bank, for which the banker even pays him interest, the banker likes such an enterprise. Whereas, if another entrepreneur always borrows money and is in debt, the banker is distrustful toward him and has a great influence on him. We too should adopt this principle.

Question: Then what happens with the smaller, poorer, more modest enterprises? After all, they cannot obtain trust and developmental credits anywhere

Answer: That is not important. Would you pay interest to someone who is shiftless and a poor credit risk?

Question: I would hardly. But what happens if such enterprises go bankrupt and are dissolved.

Answer: I will repeat: that is not important. We expect that. The bank says: "Your situation is bad. The plan is bad. Kindly revise it and submit a program for financial recovery, if you wish to be on your own." Then the entire crew, self-government or KSR [Workers Self-Government Conference] get together, draft a specific plan and submit it to the bank. The plan is evaluated by experts, who decide whether it is realistic and verify its fulfillment each year.

Question: In view of this, do we have that many experts at the banks and good experts at that, who will not make mistakes?

Answer: We have, not only at the banks but also outside the banks, as provided for in the decree. Consider the following provisions of the decree: "...the superior organization (and hence also the voivodship governor) may initiate an assessment of the performance of an enterprise at an earlier period--i.e., prior to the lapse of 5 years, since these 5 years represent the period for surmounting a difficult situation; 1 year is too short to assess the performance of a farm--if there is no improvement in financial performance, instances of mismanagement occur or the assessment is demanded by at least one-third of the employees or by the enterprise director. The findings of that assessment may represent the basis for submitting to the superior organization a proposal for recalling the director or carrying out a reorganization. The assessment of performance of an enterprise is carried out by a team whose members include, in particular, representatives of the association collegium, self-government of the crew, the financing bank and the superior organization."

This shows that the decision is not that of the bank alone. The bank is the principal alarm system, as it were, which perceives and notifies any irregularities. Your fears about weak enterprises are groundless. A weak enterprise must perform well, and that is the gist of the matter.

Question: Your farms will finally begin to operate on normal and logical principles of doing what is worthwhile and profitable instead of doing what results in a continuous deficit subsidized by the state.

Answer: Yes, I repeat, we are not introducing anything novel or revelatory. The enterprises will begin to pay attention to what is profitable to them. They will not be guided by [illegible] indexes and directives. Of course, for example, that state farms may have to supply underfattened 80-kg slaughter hogs due to the meat shortage. But if they do, it will be on the basis not of some compulsory principle but of [illegible] the principle that if a 100-kg hog costs 86 zlotys per kg, the state farms will be paid, say, 100 zlotys per kg for supplying the smaller hog. It is up to the individual state farm to accept this offer. Is not that [illegible]?"

If we put in order one thing--the principles of long-range, medium-range and annual [illegible], there still remains another, the question of what type of production [illegible] on the basis of known prices. If a private farmer finds some crop profitable, he chooses to grow it, whereas until now the state farms [illegible] principle of [illegible].

Question: And the state farms had to be subsidized. What amount was reached by annual subsidies for the PGRs?

Answer: It was an extremely large amount. But let me put it differently. If the current new prices had been introduced a couple of years ago, we would have been operating at a profit of 30 billion zlotys annually, without any subsidies at that. This alone illustrates how everything has been turned upside down. I am telling you the truth: things have not yet been righted. Because if there is to be one agriculture, then the conditions must be the same everywhere. In reality, however, the burden of various fees and income tax per hectare is greater on state farms by a factor of 7 than on private farms. State farms pay about 2,200 zlotys and peasants, 300; this problem has not yet been settled by the reform.

Another problem that the reform will not solve solely by virtue of its introduction is the need to make people interested in good work. This concerns the entire motivational system. Our economy is publicly owned. In this connection, the interests of the state and, what goes with it, of every citizen must be protected. The personnel of the state farms cannot eat everything that they produce.

Hence, we expect that profits, the financial performance, will be the sole appropriate criterion for evaluating an enterprise. Of these profits 30 percent must be earmarked for the so-called development fund. An additional 10 percent must be earmarked by the enterprise for the so-called contingency fund to protect itself against lean years. The remaining 60 percent should be distributed among the personnel as a wage-equalizing element, the social fund, etc. In principle this is the only thing with which I disagree and have opposed wherever I could. There is one more limiting factor: 60 percent of profits, but not more than 60 percent of the wage fund. I consider this a misunderstanding, although generally speaking profits are a definite incentive for good work.

Question: But there also is the danger that all enterprises will concentrate on profitable production. There are rumors that most enterprises will concentrate on grain rather than on livestock raising.

Answer: That is true. But that is a different problem--a problem of prices. After all, state farms do not fix prices. The mistake is made elsewhere, since one thing is decidedly more profitable than another. This simply is directing the economy by means of economic parameters. If this is not done competently, the economy is in shambles. Thus, if milk production is more profitable than meat production, people will produce milk instead of pork, and conversely. But in Poland we need everything, and do you think that we are being menaced by overproduction of anything?

Question: I suppose not.

Answer: That is right. And I too do not believe it. Imagine that suddenly grain instead of meat is produced in this country. What will happen? We will sell grain and use the proceeds to buy meat. Thus, if state farms do what brings them profit, that is all to the good--that is the point. For example--and this cannot be said by the minister, because he is the minister, but I am free to say it--there is no sense to promote intensive fattening of cattle in Poland, because beef is for the wealthy. And we are not wealthy--let us not kid ourselves.

We must solve the meat problem as Hungary did--by [producing] pork instead of beef. The latter is tremendously "land-intensive": each kg of weight gain of cattle--or 50 decagrams of beef--requires 3.5 kg of feeds plus 7 units of fodder. In contrast, each kg of weight gain of hogs requires 4.5 kg of fodder, and the meat yield is higher--75 decagrams. Hog raising is profitable for us; much has been accomplished already in this field.

But everything has its limits, including meat production. We must be clearly aware of the extent to which meat production is profitable, taking into account the available domestic feed supplies. It is said that Poland cannot feed itself. But that is not true. Poland can feed itself, provided that we harvest 40 quintals of grain per hectare.

Question: Locally, on the state farms, fears of this reform are being voiced. It is even being said that this means throwing these farms into deep water to sink or swim. A comprehensive economic reform still has not been introduced, the traditional price relations still persist and there is no legislation on enterprises and self-government. Yet such a sick organism is ordered to begin acting under completely different conditions. People are afraid; they have suddenly become frightened by that idea of autonomy.

Answer: And what would a private farmer do? Answer me. All the time he acts and lives. For some 15 years now, ever since the abolition of compulsory deliveries, he acts, plans and lives. Why are the [state farm] directors suddenly afraid of everything? Then let them be directors no more. They must understand that subsidies have been discontinued forever. Let them produce what is profitable. Let me once more emphasize that we have not invented anything new. This system has been working for years; why should it fail on state farms? If a private farmer figures out that it will pay him to sign a contract for growing rapeseed, he signs it. If he figures out otherwise, he does not sign it. This is the gist of that whole philosophy. The three Ss--self-government, autonomy [samodzielnosc] and self-financing.

Question: How long will we have to wait for the results of the reform, to learn whether it succeeds?

Answer: We will see in 3 years. After that period the weak farms must either show a profit or be eliminated. There is a lot of work to be done immediately. What counts is not weeping, hand-wringing or looking to the top--because the top cannot do anything now--but calculation, once more calculation and action.

Question: Thank you for the interview.

Interview: Gdansk Association Officials

Gdansk GLOS WYBRZEZA in Polish 6 Jul 81 p 5

[Interview with [illegible], director, Gdansk Province Consortium of State Farms, and his deputies, Stanislaw [illegible] and Henryk [illegible], by [illegible]; date and place not given]

[illegible]

economic reform being prepared. Early last June the Council of Ministers voted the "Decree Concerning the Economic-Financial System of State Agricultural Enterprises and Certain Consortiums of the Ministry of Agriculture." We interviewed Zenon Krzyzaniak, director of the Gdansk Province Consortium of State Farms, and his deputies Stanislaw Lukowicz and Henryk Ossowski about the nature of that decree and the manner in which it shapes the new look of state farms.

Question: Why were state farms selected first?

Answer: A beginning must be made somewhere. Presumably, the situation of the food market prompted this selection, since improvements on that market also require improvements in the agricultural system. Moreover, there is the conviction that farming is amenable to a relatively rapid surmounting of the crisis situation and attainment of positive results. Since we are the first, we shall in a sense be the trailblazers for the economic reform in the absence of the indispensable legislation needed for introducing that reform, such as a decree on worker self-government, a decree on enterprises, etc. This will cause problems when introducing the new economic-financial principles on state farms, since they will have to collaborate with enterprises operating on traditional principles.

Question: What issues have been regularized by the decree of the Council of Ministers?

Answer: First of all, this decree introduces full autonomy for state farms in determining the directions and size of production and selecting technologies adapted to the production and economic potential of the individual farms. Thus, the decree conclusively abolishes the mandatory directive-type system. The basic organization will be an enterprise or agricultural station that operates on the principle of cost effectiveness and prepares its own balance sheet.

Within the Gdansk PGR Consortium cost-effectiveness analysis had already been introduced early in 1980 at all agricultural PGR enterprises and combined farms, with the exception of the PGR Pruszcz Combined Farm and the Kartusa State Farm in Lezno. We have tried to develop these farms in regard to acreage and contiguity of lands so as to base their management on the "one-man" criterion; that is, so that they could be operatively managed by single individuals.

Question: Full autonomy means departure from centralistic multilevel management. In view of this, what will happen to the PGR Central Board and the PGR province consortiums?

Answer: The PRG Central Board was dissolved as of 1 July. As for the voivodship consortiums, they will exist until the end of 1981. They are to be superseded by voluntary associations operating at the voivodship level, whose function with regard to the state farms will be to provide services and consultation. The association council may be a kind of institution coordinating the activities of state farms in a voivodship.

Question: What happens to the subsidies [to state farms], especially the so-called objective subsidies, which have been so upsetting to private farmers?

Answer: Subsidies of this kind have been abolished. On the other hand, the decree provides for a system of purposive subsidies such as extra payments to state farms for the agricultural means of production that they produce, as well as for their processing of agricultural products, and also subsidies for non-production activity. The extra payments pertain to the production of mixed feeds and the processing of agricultural products to the extent and on the principles mandatory in the food industry. The subsidies are intended to offset the cost of maintaining social services on state farms, as well as the cost of housing, utility installation and repair of cultural relics and palaces, and also the remuneration for regular and on-the-job trainees. The system of purposive subsidies in no way distinguishes state farms from other state enterprises.

Question: The directive-type system previously mandatory in the management of state-owned agriculture used state farms for certain kinds of interventionist measures, which often caused these farms to operate at a loss. What happens to the interventionist function of the state farms?

Answer: State farms cannot continue to operate the way that they have done. Interventionist actions, which are not included in the enterprise's economic-financial plan, may be undertaken only on the basis of a voluntary agreement concluded between an enterprise and, for example, the voivodship governor. But then the recommending organization is obligated to provide the state farm with the necessary funds and resources to fulfill that agreement.

In this connection, the administrative jurisdiction of state farms has changed. They are being transferred from the central plan and budget to local plans and budgets. The distribution of the means of production for all sectors of agriculture, and hence also for state farms, will be handled by the voivodship administration. In accordance with the principle of the oneness of agriculture, we expect that the needs of state farms will be accorded equal treatment with the needs of other sectors.

Question: How will production tasks on state farms be planned and determined?

Answer: The fiscal year on state farms will continue as before; that is, from 1 July until 30 June next year. Prior to 15 May each year the administrative authorities (the voivodship governors) are obligated to provide state farms with information on the conditions of economic operation of the enterprise (rates or amounts of purposive subsidies, discount and indemnification terms for sales and purchases), as well as with the terms for the supply of the means of production, and also with figures or indexes on the supply of industrial means of production. The drafting of plans is based not only on these indexes but also on the 5-year state of available resources, such as specific soil conditions on which the productive orientation of a farm largely depends. The draft of the economic plan is subject to prior verification by worker self-government. The next stage in drafting the economic-financial plan of state farms is its submission for comments to the local branches of the Bank of Food Economy. Once the bank provides a positive opinion, the worker self-government votes to accept the plan.

Question: This implies that the role of the bank will be much greater.

Answer: Yes, it will be and not only in the planning process. The banks are also obligated to supervise the economic performance of the enterprises. The decree imposes on branches of the Bank of Food Economy the duty of monitoring the production-economic activities and progress of state farms, the more so since these farms will be able--and certainly will have to--avail themselves of [bank] loans, including investment credits, for their development.

Question: Full autonomy of management, without subsidies, means that the sole criterion for evaluating an enterprise will be its financial performance; that is, profits.

Answer: Of course, it does. And in a profitable enterprise, profits should suffice to pay installments on bank loans and to finance the bonus and social funds. Bonus-awarding principles based on the participation of the crew in the profits conform to the directions adopted in the draft of the economic reform. Such solutions should assure management efficiency and a rational utilization of production potential. Moreover, profits will also be used to set up not only the bonus and social funds but also the contingency fund and the fund for development of the enterprise.

Question: Will the new prices of livestock and milk, introduced as of 1 April this year, as well as the new procurement procurement prices of sugar beets and rapeseed, mandatory as of 1 July this year, enable state farms to maintain profitability of production? These prices were introduced to assure profitability of production on private farms. Yet, as is known, the production cost on state farms is higher than on private farms.

Answer: With the new principle of oneness of agriculture, it is not fitting to demand different prices for state farms. This, in turn, will compel state farms to undertake production that is profitable and most advantageous to them--just as has always been done by private farms. Will that benefit the state and society? We shall see. Presumably, certain state farms, even those with advantageous conditions for cattle raising, will switch from producing milk and cattle to raising hogs, that being more profitable. Some other state farms may completely relinquish livestock raising and concentrate on grain growing and fodder production, since grain and fodder are more profitable than the labor-intensive and costly livestock raising. However, the new prices stimulate the intensification of production and increase in productivity of both crops and livestock. We also hope that the predicted system of graduated prices, which allows for the increase in the production cost of agriculture, will make a greater allowance for the conditions of production on state farms.

Question: In your opinion, does the decree of the Council of Ministers on introducing the new economic-financial system on state farms--along with the decisions to raise the procurement prices of milk, livestock and crops, as well as the addendum to the collective agreement of state farm employees, which regulates wage conditions--provide the conditions for the full autonomy of state farms and assures them attainment of profitable operation?

Answer: Yes, it does but only on condition of the fulfillment of certain postulates proposed during the discussion on the draft of the new economic-financial principles of state farms. We include among such postulates the condition of the writeoff of the indebtedness due to investments. On some farms this indebtedness is so high that its repayment would take years and hence would have to reduce the eventual profits markedly and also the income of employees. Another issue is the equalization of the conditions of production, with allowance for the differing soil and climate conditions and technical equipment of different state farms. From this standpoint, the state farms in the northern provinces are worse off than, for instance, the enterprises of the Poznan and Opole PGR consortiums. The latter have better climate conditions than do the Gdansk and Elblag PGRs' as a result, they produce at a lower cost than we do. The PGR consortiums in the northern provinces have prepared an appropriate report on this issue. In that report, they demand certain compensations in this respect, such as a reduction in the land tax that the state farms must pay on the same principles as private farms.

The new economic-financial system on PGRs will undoubtedly require revisions dictated by socioeconomic practice. Hence, it is expected that certain of its principles will be reexamined after a year.

In conclusion, the new economic-financial system will compel the enterprises to actions intended to improve management efficiency. The results of these actions intended to improve management efficiency. The results of these actions will hinge on the attitude and work of the entire crew and management of each state farm. This offers a chance for thrifty, wise and honest people; there is no shortage of such people on the Gdansk state farms.

Interview, Grunwald PGR Director

Olsztyn GAZETA OLSZTYNSKA in Polish 10, 11, 12 Jul 81 pp 1,4

[Interview with Czeslaw Pogorzelski, director, Grunwald PGR, by M. Szczepanski, no date or place given]

As of 1 July a new economic-financial system, popularly termed the reform, is obligatory on state farms. The system provides the farms with full autonomy in planning the directions of their agricultural production, and it gives financial preferences to profitable farms. The abolition of the so-called directive-type indexes concerning the structure of plantings and the scope of livestock raising, as well as the [introduction of] substantial contributions to the bonus fund, is intended by the authors of the reform to promote an increase in production on state farms.

To determine the extent to which this reform will fulfill the hopes placed in it, I interviewed the director of the Grunwald PGR, Czeslaw Pogorzelski.

Question: I am discussing the reform specifically with you because the Grunwald PGR is one of the two state farms in this province to operate profitably.

Answer: After the balance sheet was verified, apparently ours is the only profitable one among the 22 state farms. Ours was not a big profit--barely 8 million zlotys. But in 1958, when I first became director here, our profit was 280,000 zlotys.

Question: Then for 23 years this enterprise never operated in the red despite its faulty organizational and management structure and despite improperly fixed prices?

Answer: As to the prices, I agree, but what did you have in mind when speaking of a poor structure of management and organization?

Question: I simply meant the restrictions on the autonomy of the enterprises. You received directives ordering you to plant a specified area and telling you how many head of cattle or hogs to raise. These directives ignored the actual grain harvest per hectare and the actual meat production. What had counted were only the number of hectares planted and the number of heads of livestock kept in cattle and hog pens.

Answer: Generally this was so. The state farms were overloaded with livestock. After all, keeping livestock in substitute premises was not conducive to good results. On our farm we had only one suitable livestock pen and we had closed it. The only pressure exerted on me was to increase the numbers of livestock. Otherwise, I was free of pressures.

Answer: But you did resist that particular pressure effectively. Several years ago I saw a letter from the province governing board declaring that your bonus was reduced for underfulfilling the plan for the procurement of calves.

Answer: But I did not waste calves for which I had no premises. Regarding the structure of sowings, I also did not apply the directive-imposed indexes. Who knows better what should be sown--the superior authorities or we who work in the fields?

Question: Your professional colleagues say that you could afford to nettle the authorities because you will soon reach retirement age.

Answer: I never nettled anyone. I have been working on the PGR for 30 years and my experience enabled me to convince my superiors of the wisdom of certain measures. On my farm, for instance, there is a bullpen for 450 head of cattle. They were going to build another bullpen nearby, designed for 700 head. I protested. My argument was that on this farm the standard is 120 head of cattle per 100 hectares of cropland. This sounded reasonable to the decisionmakers, and the second bullpen was not built. As for retiring, I still need 7 years for that. To those who believe that I did not fear to oppose the authorities because I'm nearing retirement age, let me answer with the proverb: a poor ballet dancer is impeded even by a flounce on her skirt.

Question: You indeed were not impeded by anything?

Answer: There was the impediment that, generally speaking, production on a state farm is difficult. There are shortages of equipment, personnel, fertilizers. On the state farm there are 7 people for every 100 hectares of land, whereas in private farming there are 23 people for every 100 hectares. The private farmer will always have a lower production cost, because he does not have administrative expenses and no one pays him for work-free Saturdays, no one gives him paid vacations--which he does not take anyway--and he does not have to pay for social services. Thus, the reform will not result in reducing production cost.

Question: I conclude from our interview so far that your attitude toward the reform is, to put it mildly, indifferent.

Answer: It is because nothing will change on our farm. The processing plants on our farm already have full autonomy and operate on the basis of cost-effectiveness analysis. It could not be otherwise. If I were to visit once daily for 10 minutes all the hog and cattle pens, this would take me 7 hours, including travel time. Thus, production results depend not on the director but on the people who direct productive work. Consider this example: various chores are assigned to the milkmaids by drawing lots in order to avoid any privileged jobs, but nevertheless one milkmaid produces as much as 40,000 liters of milk more than her coworker under the same conditions.

Question: You're depreciating the director's role.

Answer: That is not true. I limit this role to control, consultative and coordinating functions. The processing plant director is responsible for production results and responsible to me as the chief director. I give him full autonomy but in return I burden him with full responsibility.

Question: That is exactly one of the aims of the reform.

Answer: Without the reform, such a division of duties and organizational structure also was possible. The reform does not introduce anything new, at least at our enterprise. We benefited from no subsidies because we have always operated profitably. The changes in procurement prices were introduced throughout agriculture; that is, outside the PGR reform. For us, one matter is essential. The bonus fund, contingent on financial performance, has been restored. If we operate in the red, the bonus fund will amount to 15 percent of the wages and if in the black, to 50 percent.

Question: This will prompt pursuit of profits at any price. That is, this will restrict costly labor-intensive production in favor of elementary production. For example, crop production will be developed instead of animal production. And this will conform with the regulations, because section II, point 1, of the reform declares: "The enterprise will plan its economic-financial activities on the basis of full autonomy."

Answer: I agree, such a danger does exist, and what will we accomplish then? I too am a citizen of this country and in my work I must bear in mind not only the interests of the enterprise; I cannot eliminate production that is unprofitable. As I pointed out, on private farms there are more work-hands; thus, labor-intensive operations should be performed there. This does not mean that state farms should discontinue such operations: they should grow sugar beets and produce milk but only under the right conditions. Do profits have always to be high? They hardly do. In order to count the money, that money must first be brought. Throughout the world, agriculture is subsidized. In this country the subsidies need not be in a financial form. Instead, machinery, fertilizers and pesticides should be priced lower. But in the present situation is industry able to supply sufficient quantities of the means of production for agriculture? Unless this happens, agriculture, in turn, will not supply industry with raw materials.

Question: You mention issues that the reform will indeed not solve. But let me give you an example of waste due to restrictions on the director's independence. On one state farm some 15 hectares of potatoes were dug up. Laborers from outside the province were brought in for the harvesting. However, they demanded such high pay that it exceeded all tariff lists. As a consequence, the laborers returned home and the potatoes froze on the fields.

Answer: It is easier to blame others. To me this is an example of simple mismanagement. Every state farm director has at his disposal 10 percent of the wage fund for defraying nonstandard operations and can pay any rate that he desires so long as he does not exceed the wage fund. At our enterprise, contrary to the common custom, the combine-harvester operators get paid not per hectare but only for the amount of grain harvested. We tend to look for causes of the deficit operation of state farms in external factors, i.. faulty administration and in poor organizational structure, whereas the root-cause is poor management. One must be born a farmer, have a feeling for the soil and be able to calculate on the field instead of behind an office desk. If someone provides 300 kg of potash when only 150 kg is needed, assigns seven people to an operation requiring only three, or uses a Caterpillar tractor instead of a light tractor, he will never achieve a low production cost. In such cases we should look for the causes of losses without identifying them with methods of administration. Agriculture tolerates any reorganization poorly. Every radical change affects production adversely.

Question: Am I to understand that you are an opponent of the reform?

Answer: I am neither an opponent or proponent. At our enterprise no changes will occur in internal organizational structure. For other enterprises this reform may be beneficial, but only if it is properly introduced, if the directors desire not only to make profits but also to supply socially necessary products. It is said that, [under the new reform] if a director does not prove himself within 3 years, he will be recalled. But how much harm might he cause during those 3 years? There is a need for external control: this function should be exercised by the associations that are going to replace the consortiums of state farms. Such associations should also serve as liaison between the ministry and the enterprise; as for the consultative function, it is not as important.

Question: People differ and so do directors: some, like you, base their activities on common sense and others, on directives. The Grunwald State Farm is not the only profitable enterprise, but it appears to be one of the few where cows receive concentrated feeds year-round and the locally grown fodder supplies last till the end of August. I believe that your indifference toward the reform is grounded in that, by simply being a good manager of the enterprise that you direct, you already preempted the basic premises of the reform. What is to others a novelty, to you is daily bread.

Answer: Perhaps that is so. But let us not delude ourselves into thinking that any reform will change things to the better without good performance at every working post. Autonomy requires a deep feeling of responsibility.

Views of Gizycko PGR Director

Warsaw PRZEGLAD HODOWLANY in Polish No 10, 16-31 May 81 pp 2-4

[Interviewer: Edward Lewandowski]

[Interview with Mieczyslaw Zietko, Gizycko State Farm director and Diet deputy]

[Text] [Question: In this period of assessment of the gains and losses of economic development in this country, a large number of people put state farms on the negative side of the balance sheet. A characteristic voice confirming the scale of this criticism of the socialized sector of agriculture was the opinion of one of the Diet deputies that the wave of that criticism is clearly aimed at dismantling the state farms. You are a PGR director and a Diet deputy and hence you surely have directly heard these opinions. How did these opinions come to be so numerous?

Answer: I myself would like to know that. These opinions on such a large scale appeared suddenly. Until recently the mass media showed good PGRs and producer cooperatives and presented the significant contributions of the socialized sector, with television showing interviews with PGR directors in the regular show "Sam na Sam" ["Person to Person"]. And suddenly, all at once, all this was turned upside down. I have no idea as to the origin of these tendencies and am curious myself to know who actually desires, in the words of that deputy, the dismantling of the PGRs.

This may have been due to a large number of factors. A principal factor is, of course, the general shortages on the food market, for which the socialized sector is chiefly blamed. This has been exploited by certain elements among whom persists the temptation to eliminate socialist enterprises in general. They may be a handful of people, but they are highly effective, and they have skillfully conducted in the mass media propaganda about mismanagement on state farms; this fell on fruitful soil among the public with its increasing feeling of hunger.

But is that so in reality? In general can agriculture alone be blamed for such great food shortages? Surely it can not. And the readers of PRZEGLAD HODOWLANY hardly need be convinced of this.

Within the framework of that poor agriculture, the socialized sector took over the obligation of developing animal production, since, due to the steady decline in the profitability of livestock raising each year, the peasants abandoned it. Hence also, in recent years, the socialized sector, which owns 25 percent of land and raises 30 percent of the livestock herds, produced 35 percent of meat, 47 percent of grain, 57 percent of rapeseed and 90 percent of seed grain and pedigreed livestock of the entire agriculture system. These data are a clear rebuttal to the arguments of the enemies of the socialized economy, who claim that the socialized sector is precisely to blame for the bare state of the food market.

Question: I agree, but the main criticism focuses on the inefficiency of that production. It is simply claimed that the outlays made on production in the socialized sector would have produced much greater results if spent on private farming.

Answer: Those claims ot inefficiency are to a large extent demagog. Who has completely calculated the production costs? It has been calculated and said that peasants [private farmers] produce 1 kg of hogs-on-hoof for every 2 kg of concentrated fodder. Sure, it is from 2 kg of concentrated fodder, but this is supplemented with 8-10 kg of potatoes and often with various other types of fodder as well--whey, green fodder, garbage.

I am aware that [the shortage of] concentrated fodder, and chiefly high-protein grain and fodder, limits animal production. But a single factor should not be employed in such a serious discussion. Other factors are as important. Grain is grain, but if the balance sheet of livestock fattening is properly calculated--that is, from the standpoint of the consumption of protein and oats units for the weight increment of livestock--it will be found, I suppose, that state farming is more efficient.

Since today 1 kg of potatoes costs 10 zlotys on the market and 1 kg of grain costs 5 zlotys, it is not difficult to calculate which type of fattening is more efficient. Those potatoes used to fatten hogs often are--I don't know why--calculated too low in production costs, considering that usually their price is higher.

Hence the profitability of fattening with grain is higher than that of fattening with both grain and potatoes--of course, provided that grain is properly utilized. Hence, hogs-on-hoof are efficiently produced on state farms.

Since the issue is that the peasant can supposedly produce and use 2-3 kg of concentrated fodder per kg of slaughter animals at a lower cost, let us explore it further. What peasant is this? The calculations pertain to those small farmers and farmer-laborers who have abandoned all livestock raising. No hogs at all are raised on nearly 1.1 million private farms, especially those in the 0.5-2 hectare size group, because these small farms have been deprived of concentrated fodder, coal and access to contractual transactions. Yet only on these small peasant farms is it possible to fatten hogs with such a handful of grain, because it is supplemented with various secondary fodder and garbage.

As for the policies of the state, they were directed not at these small farms but at large, specialized and consolidated farms, which chiefly fattened hogs with concentrated fodder. As it turned out, these agriculture policies were mistaken.

I'm not, of course, claiming that production on state farms is cheaper than among peasants. No, certainly it is more expensive. But let us consider this more closely, using as an example the enterprise that I'm directing. Our farm has 10,000 hectares, of which 9,200 hectares are cropland. Our means of production are new, not modern but recently acquired. They are not always functional, and their design and technological solutions are not always the best, but they always are expensive. Above all, construction, machinery, tractors and combine-harvesters are expensive, even very expensive. I'm not exactly sure how the IER [Institute of Agricultural Economics] assesses the substitution of direct labor with indirect labor on our farm, but I am certain that here it is more profitable to mow with a scythe than with the expensive equipment that we operate, since the cost of that equipment weighs too heavily on the production cost.

Thus, all depends on the point of view. Given the manpower shortage in agriculture, the productivity of state-owned agriculture is much greater. On state farms 12-13 persons are employed per 100 hectares--the national average, whereas at my enterprise the average is only 9--and on private farms the national average is 26-27 persons per 100 hectares.

State-owned agriculture is heavily burdened by the cost of social services, which is not included in the production cost of private agriculture. My enterprise maintains five preschools, five dining rooms, a rest home for 70 persons, seven book and periodical clubs, a butchery and a meat-processing establishment. The butchery, for example, loses about 3 million zlotys due to the marked difference between the prices of slaughter animals and the retail prices of meat. We conduct varied sports and artistic activities, but these cost money and burden the production cost.

A factor contributing to the lower economic efficiency, as this term is commonly understood, of state farms has been the role that they play in intervening in agriculture. This interventionism was convenient to the state, since it could plan certain crops or directions of production. State farms must often drop everything and come to the rescue of the market when peasants stop selling and await price changes. Last year, even before the price rise, we delivered 720 tons of potatoes, which included--due to the market collapse--450 tons of high-grade, edible seed potatoes. Such was the need. The directive arrived and the potatoes had to be surrendered to the market regardless of their quality.

When television showed a report on the Diet session at which Deputy Jerzy Bukowski criticized the ministers for disturbances on the piglet market, we on our farm at once decided to deliver to the butchery young hogs weighing 86 kg and, to replace them, we bought piglets and boar cubs from private farmers. I hardly need describe how unprofitable it was to terminate the fattening of these young hogs so prematurely: I lost 1,300 zlotys on each of these hogs. This loss can be plainly seen from a cost-effectiveness analysis, but it should be differently evaluated from the civic point of view. It was better for the state farm to produce the meat, even if it had to cost extra to produce. If state-owned and private farming--which are not always governed by the same economic laws--exist side by by side, the need for state farms to intervene will always exist.

Question: But the draft of the reform of the economic-financial system of state farms, which is effective as of 1 July, specifies complete planning of production at the "grass-roots" level, without directive-type indexes.

Answer: Do not believe it. It isn't true. If there is a poor harvest or the price mechanism jams again, production duties will surely be imposed on state farms. But I don't wish to dramatize this. Such a policy certainly causes much trouble to state farms, but on the scale of the entire nation this pays off. What other way out is there? Would it be acceptable, for instance, to import potatoes? This might have been necessary had not the state farms during a certain period been obligated to deliver potatoes.

All the same, last year demonstrated how greatly the agricultural and food industry has been neglected in this country. For 2 years we had bumper harvests of potatoes. Then what happened? A lean year arrived and it turned out that the country completely lacks reserves of potato flour, syrup, starch and French fries. It is said that private farmers hoard grain or potatoes. But who will calculate how much of these reserves is being wasted due to improper storage conditions.

Question: Could you specify the directions of production that are unprofitable, and could you tell which of these directions you would abandon if you yourself were able to decide on and plan production solely from the standpoint of financial performance.

Answer: I would first eliminate all animal production. But what would be the result for society? Livestock and milk have been completely unprofitable. I would chiefly concentrate on crop production. Formerly I had 43 head of cattle and 10 hogs per 100 hectares on this farm; then it was profitable and I did not need any subsidies. Production was largely simplified--chiefly grain and rapeseed, plus a little animal production based chiefly on local green fodder. At the time, I employed half as many people as I do now on the farm. The entire field production was comparatively well mechanized. In effect production was simple, employment was low and income was high.

Now that I have on the farm 90 head of cattle and 70 hogs per 100 hectares of cropland, while at the same time the production cost is high due to, among other things, the extremely high cost of construction, production has become unprofitable. The large numbers of livestock per area unit requires hiring a large number of employees, which, naturally, requires providing various social services, which are included in the production cost. If the results are evaluated not in terms of simple cost-effectiveness analysis but in terms of benefits to the state as a whole, then this production certainly pays off.

When I started work at this enterprise 8 years ago, it produced 430 tons of slaughter livestock, while now, given virtually the same size of land, this production has increased to 2,200 tons, plus 200 tons for the needs of employees. In the beginning we did not handle livestock raising, but now we sell 400 heifers for breeding purposes annually, including 200 to private farms. This production is more costly, yet it is so important that it cannot be assessed in terms of its cost alone. And surely it pays off for the state.

And besides, who ever has calculated costs on private farms? When I myself once calculated these costs, the results proved to differ from those generally accepted for all sorts of comparisons. On a 5- or 6-hectare private farm where four or five cows are raised and two persons work, the milk production cost --the actual cost to the peasants--was 13 zlotys. Of course, it is possible to deduct from this cost the value of the cowpen and to assume the price of green fodder at 10 rather than 50 zlotys per 100 kg, as is indeed the case; then the milk production cost will certainly be lower, but even then it still will be lower than actual. It is also lower due to varying remunerations for labor, whereas the remuneration for labor should be the same as on state farms.

Question: Despite the existence of two agricultural sectors with greatly different production conditions in this country, can the uniform system of procurement prices be advantageous to all producers?

Answer: Perhaps it can. But all sectors must receive equal treatment. It is said that, after they deliver the designated quantities of production, private farmers will be able to sell any surpluses on the market at free-market prices. But why can only private farmers do so? If there is to be equal treatment, state farms also should sell on the free market. I deliver 2,200 tons of slaughter livestock; I could deliver 1,000 tons and sell the remainder at free-market prices.

Private farmers who do not receive fodder get the equivalent of 300 zlotys per 100 kg of fodder not received. This does not apply to state farms. What is more, state farms lack the fodder needed to feed their livestock herds, whose size was imposed on them by directives. At my enterprise the recent grain harvest averaged 3 tons per hectare, whereas last year we harvested only 2.3 tons. That is why we are short of fodder, since our livestock herd is the same as in the previous years. Initially we were allotted 1,200 tons of concentrated fodder, but we have not received it. But we have to deliver slaughter livestock. I am giving these examples not to convince anyone that private farming receives more privileges. No, certainly, more funds have recently been allocated to state farms [than to private farms], although this should not serve as a general reproach to state farms. I am giving these examples to enrich the picture and show that no one has a bleeding-heart attitude toward state farms.

Question: Any reticence about state farms will certainly end once they are deprived of budget subsidies for final net production and for expansion. According to available published data these subsidies reached 33.8 billion zlotys in the previous farming year. Now cost effectiveness will have to be more closely examined along with unit cost, because deficit operation can no longer be concealed.

Answer: Because of these subsidies, state farms receive the most criticism. But is that fair? I have already mentioned that on state farms not only production is a burden but so are social services for their personnel. In addition, state farms are building the whole complex of rural infrastructure--from which private farmers also benefit. The socialized sector plays an important role in the whole of agriculture; i.e., it handles the raising and reproduction of certified seeds and breeding animals, which benefits the entire Polish agriculture. How many deficit-incurring types of production had to be conducted by state farms whenever the production of private farming began to waver and the state farms were ordered to patch up these holes? Besides, state farms are not responsible for laming the economy. For example, last year we purchased potatoes for the distillery at 200 zlotys per 100 kg; from each 100 kg we produced 8.5 liters of alcohol, due to the extremely low starch content of the potatoes. Add to this the cost of barley, labor and depreciation--and the price of that 8.5 liters of alcohol reached 300 zlotys. Now we are being ordered to pay private farmers an additional 200 zlotys per 100 kg of the potatoes purchased in the fall, so we are operating in the red. Such directions in production that are either barely profitable or not profitable at all must be pursued by state farms frequently; this includes, as I noted earlier, all animal production.

While state farms are reproached for receiving subsidies for their production, the subsidies paid to private farmers are rarely as consistently written about or mentioned. And yet all the services of the tractor and machinery stations and the feeds industry, which are largely subsidized, chiefly serve private farmers. The cost of the construction of farm buildings is largely amortized, as is the purchase of breeding animals. Hence, private farming also receives subsidies, though in an indirect form rather than in direct for-production form.

Question: Do state farms purchase machinery and other means of production--e.g., fuel--at lower prices than those paid by peasants?

Answer: That is far from it. State farms acquire machinery and equipment at the same prices as peasants. This also concerns fuel purchases, because what gasoline station would sell gasoline or crude petroleum more cheaply? Of course, if we purchase fuel wholesale, we pay less, but then we also pay the cost of transportation of the fuel and of the maintenance of a fuel station at the enterprise, so that ultimately the cost of such fuel is the same as in retail trade. I don't know where the myth came, that state farms have been acquiring means of production at lower prices.

Question: Whenever the instability of agricultural policies is mentioned, the inadaptability to private farming is meant. But have those policies been favorable to state farming?

Answer: State farms have not been protected by any umbrella. We received more resources than did private farms, but that was inevitable, just in view of the much greater needs from considerable differences in employment and acreage tilled. A private farmer may till his small plot with simple implements, but that is impossible on a state farm. Despite these apparent privileges, everything has been scarce. I myself for 3 years have been unable to buy conveyor-type diggers and fertilizer spreaders. Of the 26 combine-harvesters, 5 are malfunctioning because of the lack of spare parts. This applies to many other machines and automobiles. Last year 45 percent of our fertilizer demand was satisfied and even that modest amount had to be obtained with the aid of various machinations, if not outright theft.

I honestly cannot see how state farms receive any privileged treatment other than subsidies. Our production conditions have been as difficult as those of private farms.

Question: These difficult production conditions were, so to speak, created by the state farms themselves. Consider, for example, their excessive development of livestock raising, which is very costly and technically imperfect.

Answer: At my enterprise, two cow farms have been built, one designed for 800 cows, of the Nakomiada type, which is already in operation, and the other, UO-500, which will be filled with cows this year. We have already gained some experience with the first farm. This farm is indeed ill conceived; it can yield substantial production, but at much higher cost. The PGRs have been developing livestock raising on special farms, because this could result in a rapid increase in the livestock herds, which was in turn related to the growing demand of society.

I also wanted to build that cow farm for these reasons. We had had few cows at our enterprise, and we were loaded with reproaches that we selected easy kinds of production and avoided livestock raising. At that period I heard that 800-cow farms were being built in the GDR and proving their worth. Unfortunately, I did not have the chance to travel to the GDR and become familiar with this type of organization for milk production. It is said that the mean milk yield reached there averages 4,000 liters.

Hence, we settled upon the cow-farm method of cattle raising at our enterprise. At the time there was no experience on this subject and, as known, in the initial period, the propaganda atmosphere in that respect was very good.

Today it is different and the results of the production reached on these cow farms proved to diverge greatly from the expectations. So we needlessly switched from enthusiasm to total criticism of cow farms. However, a high productivity can be reached on cow farms. Priority would have to be given, however, to combatting cattle diseases. New diseases continually invade the herd so that cows have to be rejected and it is difficult to attain good performance. Setting up an entire system is needed to prevent the invasion of diseases, beginning with the pasture-alcove raising of the animals, their irradiation, etc.

On the cow farms a rapid exhaustion of the environment is observed, and this provides favorable conditions for the spread of diseases and deaths of the animals. But I do not know how this can be changed and how these preventive systems can be introduced when I myself cannot employ a veterinary physician who would handle all this at my enterprise, which has 1,100 cows and 1,000 head of other cattle. On such a farm a full-time veterinarian would have plenty to do. But the organizational system of the veterinary service is extremely hidebound and veterinarians are interested in a high mortality rate of livestock because then they earn more. If I had a veterinarian on my staff, I would award him bonuses for reducing the disease rate and death rate, for preventive medicine.

Question: Mr Director, what is your opinion concerning concentration, whether of land or of production? It is usually believed that the concentration of land and production is the way toward increasing the effectiveness of production on state farms.

Answer: When this concentration was initiated in the early 1970's, I was its outspoken opponent. But this was carried out nearly by force, with the establishment of structures such as WPGR [specialized state farms] or combined farms, which accelerated this concentration. In its present form the enterprise that I direct has been formed from seven small, autonomous enterprises.

We combined farms into specialized farming centers, concentrating technical and service facilities within separate centers that represented a kind of superstructure acting for the entire enterprise, such as a central transportation fleet, central machine shops, a repair and construction brigade and a social services center. Today, after years of experience, I believe that we have developed a good, functioning future.

Within our enterprise we maintain seven agricultural centers, ranging in land area from 800 to 2,000 hectares. These centers have not previously operated on the basis of autonomous accounting, but this will be changed 1 July. This change will, however, entail major complications because the centers are highly specialized and mutually coproducing; production ties are considerable and it will be difficult to separate the individual centers financially. This happens every time there is a reorganization. First, the structures were adapted to the mandatory organization of the enterprises, and now adaptation to new conditions is needed.

The enterprises that we have developed can be managed properly; we are not losing control of their production. These are not just words, as confirmed by the tremendous increase in production at our enterprise despite the relative stability of the size of its lands. Seven years ago we produced 400 tons of slaughter livestock, but last year we produced 2,200 tons. In the 1978-1979 year we reached a final net production of 145,000 zlotys per employee. Last year it was worse, but that was the year of catastrophically poor grain and potato harvests; this index fell to 115,000 zlotys per employee. These results indicate that we have mastered our production, given the previous organization of our enterprise.

Question: How would you assess production conditions at your enterprise and its evolved structure of production?

Answer: Our crop production is properly adapted to the local soil and climate conditions. However, water management is considerably neglected. The whole area has supposedly been reclaimed, but the reclamation, performed primarily before the war, is in a state of extreme neglect. There has always been a shortage of funds and processing capacities at the regional water and land-reclamation enterprises. Properly speaking, the modernization of reclamation facilities already is experiencing a lag of about 20 years. With our own resources we are only able to counteract sudden emergencies, whereas any large-scale reclamation would require experts and additional funds. Many fields need to be reclaimed, and there are many terrain obstacles whose leveling and removal require tremendous funds, which have always been lacking.

As far as potential is concerned, improvements in water conditions and reclamation of cropland could contribute most to the production potential. This has, of course, nothing in common with noninvestment reserves and necessitates substantial investments. This especially concerns grasslands. Releasing the grassland reserves would enable us to reduce markedly the large share of fodder crops in the structure of sowings. At present grain accounts for 48 percent of the sowing structure; fodder crops, for 30 percent; and rapeseed and root crops, for the remainder. That 30 percent could be markedly reduced by improving the production conditions on the 4,000 hectares of grasslands, which account for 40 percent of all agricultural land on our state farm.

Speaking of reserves, improvements in water conditions and the reclamation of agricultural lands [would result in] a closed cycle of animal production. So far we have had to acquire 50 percent of our boar cubs from private farmers: I do not need to prove to PH [PRZEGLAD HODOWLANY] readers how greatly this raises production cost. Yet I have been vainly trying for years to get a larger sow-pen built on our state farm. The same applies to calves: we intend to augment our cow herd further in order to raise all the calves that we need.

Question: Thank you for the inverview.

Situation in Wroclaw Voivodship

Warsaw CHLOPSKA DROGA in Polish No 53, 5 Jul 81 p 3

[Article by Elzbieta Eysymonit]

/From Bulletin No 10 of the Lower Silesian Trade Union of Agricultural Workers:/ "...on state farms. experts who knew that a given farm could feed a thousand head of livestock were ordered to feed 2,000 or 3,000 when, for example, the livestock population of the peasants had declined and state farms had to make up for this gap regardless of the cost. Thus, the animals died and fodder had to be brought in from other voivodships. But the minister, the consortium and the voivodship governor ordered the maintenance of this size of the livestock herd, and whoever failed to implement recommendations of this kind, conflicting with the principles of agriculture, was simply considered unfit. Whenever the national balance sheet indicated that too few sugar beets or potatoes or too little corn had been planted, it was recommended to the state farms that they make up such shortages. State farms lacking personnel to till the land were told to acquire additional lands scattered in various areas. No one asked whether state farms could afford to include these lands in cultivation.... Such a system resulted in the wrong kinds of grain being planted in the wrong areas in order to fulfill the plan. Similarly, construction was of the wrong kind, conflicting with agricultural engineering."

Investments in Growth

The Trzebnica State Farm in the Wroclaw Voivodship was to dominate the economy of its region. It was to own 80 percent of the land and cultivate 30,000 hectares. Little came from these calculations, however, and the PGR encountered rough sailing. It could not avoid this, since it had built too many livestock pens and overcrowded them with livestock, while at the same time it had neither enough attendants nor enough fodder.

To feed 150 head of cattle, 140 hogs and 50 sheep per 100 hectares, the sowing structure had to be changed completely, crop production had to become nonmarketable and a nearly total conversion to fodder production had to be carried out. The enterprise began to cause tremendous losses, first, because the low prices of slaughter livestock and milk did not assure the profitability of animal production and, second, because the transfers of personnel from crop production to animal production resulted in a much worse cultivation of every hectare. There was no manpower influx, because the new facilities were not complemented with housing and the old housing stock was not renovated, since nearly all of the construction and repair facilities of this state farm were committed to building livestock pens.

The farm grew richer in land but poorer in traction equipment. The weakest of the farming centers subordinated to the Trzebnica State Farm--the center in Nowy Dwor--was in the last 10 years augmented with 1,560 hectares of soils not of the best quality, while during the same period its tractive equipment decreased from 15 to 14.1 units per 100 hectares. According to calculations by IBMER [expansion?], the farms subordinated to the Wroclaw Consortium of State Farms should operate 26 traction units per 100 hectares instead of the current 19.6.

I was told by Tadeusz Smyk, the director of the Trzebnica State Farm, that that farm was "overcrowded with livestock," and his opinion was shared regarding all state farms in the Wroclaw Voivodship by Wladyslaw Kotowicz, deputy director of WZPGR [Voivodship Consortium of State Farms].

The Time of the Reform is Coming

And along with it, changes in the system of management of state farms also are coming. As of 1 July state farms will have a free hand in making production decisions. To continue operating, they must be profitable, because the period of subsidies, privileges and directive-type management from the top is coming to an end.

Already at the beginning of this year most state farms, including all state farms in the Wroclaw Voivodship, began preparations for the reform. In other words, they began to adopt decisions favoring profitability. The changes proceeded in three basic directions: reduction--sizable at that--of the livestock herd, increase in the acreage planted with grain and rapeseed, and trasnfer of unsuitable lands to the disposal of the gmina heads.

The principal criterion for regularizing the livestock herd is the removal of livestock from all unsuitable premises, the staffing of working posts in accordance with technological requirements rather than at a rate three times as high as sometimes needed and improvements in the basic herd.

The Trzebnica State Farm intends to staff only those working posts at which a 500-gram daily weight increment of the hog herd and a 750-gram daily weight increment of the cattle herd can be attained, and also those at which 3,500 liters of milk can be obtained annually per cow, upon consumption of concentrated fodder, according to the standards. Altogether, plans are to reduce the number of staffed working posts by 40 percent. Even now hogs, fattened cattle and cows are being delivered to the butchery without being replaced with new livestock.

I was told by Director Tadeusz Smyk that the reduction in the livestock herd would enable the farm to become independent of the purchases of livestock--and we all know what losses these purchases have caused--and to have sufficient quantities of fodder, as well as to expand the cultivation of marketable crops. "We want our sowing structure to include up to 50 percent of grain, 8 to 10 percent of rapeseed and up to 10 percent of root crops. We will abandon growing corn in favor of growing leguminous crops, as well as clover and grasses. We intend to convert the ineffective livestock-penning structures to storage areas and machine shops. For some others the purpose will be changed but they will continue to be used for animal production; e.g., the center in Blizocin will be converted to a sheep-farm."

A separate problem is land management. The Trzebnica State Farm has released 777 hectares to the gmina heads. Buyers have been found for only 187 of these hectares. /Nearly 500 hectares represent unwanted land. On the scale of the voivodship consortium 4,468 hectares were offered for sale./ Last spring private farmers purchased 1,543 hectares, and this coming fall they will be willing to buy an additional 1,081 hectares. The future of the remaining 1,800 hectares is uncertain. Private farmers would willingly buy land of the best quality, but state farms want to get rid only of their worst lands. At the consortium I was told about gminas in which even the worst plots of land were purchased by farmers, as in /Milicz, Cieszkow, Krosnica and Twardogora/--and of gminas where the transactions progress slowly despite the interest shown by farmers, as in the region of /Zmigrod and Obornik. /

From the Windows of the Voivodship Office

From these windows the reform cannot be clearly seen. Although my visit to Wroclaw preceded 1 July by almost 4 weeks, the voivodship authorities had not been officially notified that state farms are being transferred to their care. Of course, this topic has been mentioned at various debates, and the premises of the reform can be read in the press, but no dispositions on this subject have been received by the voivodship office.

In the opinion of the director of the Department of Agriculture, Food Management and Forestry, /Andrzej Kontek/, the problem perhaps is not that big, because many matters such as land management already have been handled by the voivodship office for all sectors of agriculture. Nevertheless, it would be good to know at least a month in advance the new system of relations between state farms and the voivodship authorities.

But let us return to the changes that state farms are already introducing. According to an estimate by the department, the hog herd will be reduced by 30,000 animals; the cattle herd, by 11,000; and the cow herd, by 2,000. /Already a decline in the commercial production of milk on state farms has made itself felt--by 12.5 percent at the end of May alone, whereas on private farms milk production has been higher than a year ago. By the end of the third quarter a still greater decline in animal production is expected. Later, however, an increase should be recorded./

As for land management in the voivodship as a whole, socialized farms expressed their readiness to transfer to private farmers more than 9,000 hectares. This is only the beginning, since the Voivodship Congress of Agricultural Circles and Organizations has decided to disband ZGR [Consolidated State Farms] so that an additional 6,000 hectares in the gminas with the worst soils will be released for sale.

The demand for quality land continues. Wherever possible, state farms have cooperated with the private farmers and transferred to them certain plots of truly quality land. The situation is not as good--or, should we say, is truly bad--with respect to the utilization of classes 5 and 6 of land. The voivodship authorities support the view that these lands should be chiefly transferred to private farms where such soils should be best utilized. Various incentives are applied, such as lower or zero land sales taxes or deferment of payments to the old-age pension fund, as well as of taxes. Recently the ministers of agriculture and finance have been asked to cancel taxes and fees (tax, old-age pension fund payments and PZU [State Insurance Fund] payments for low-class lands. If this is not enough, if enough people are not willing to buy these lands, the state farms will unfortunately continue to till them. After all, the land cannot be allowed to lie fallow.

But the problem is greater with the ZGR lands. The disbanding of these farms has been decided; thus, they will no longer continue their interventionist activities. But the disposal of the livestock-penning structures on these farms will be a problem. The smaller facilities of this kind can be easily--if only in view of the price--sold, but private farmers are not likely to buy the larger, industrial-scale facilities, first, because they cannot afford them and, second, because it is not always possible to develop production on such a large scale. State farms, too, are reluctant to acquire these structures, also for at least two reasons: price and the fact that, as a rule, there are no accompanying housing facilities for the attendants. PGRs are being asked to take over, along with these structures, the bank debts of ZGRs, but they, on their part, would only be willing eventually to pay the actual value of these structures, considering their already considerable extent of depreciation. If no buyers willing to use these livestock-penning structures for the original purposes are found, the authorities anticipate selling these facilities to nonagricultural institutions, which could use them as storage depots, warehouses, machine shops, etc.

/I dwelled only on the most essential of the many problems to be solved by state farms and voivodship authorities in connection with the approaching reform of the operating system of state farms: the problems of reducing the livestock population and utilizing land and livestock-penning facilities. Against this background, I have my doubts./

A reduction in the livestock herds is a necessity from the standpoint of state farms, and it is not surprising that the pertinent decisions are being made. On the other hand, if this matter is viewed from the standpoint of national welfare, such a reduction in our present situation is just as obviously undesirable. Must improvements in management efficiency on state farms inevitably entail such consequences? Must such a high price be paid for these improvements? Perhaps there is a possibility to alleviate the situation; what matters is who is to attend to it.

State farms sell slaughter livestock weighing relatively little--due to the fodder shortage, as is known. Would it not be expedient to sell that livestock to private farmers, who would complete its fattening and sell it after it weighs more in the fall? This also concerns cows. I do not mean that a cow growing barren in a state-farm pen would turn into a gusher of milk once it is sold to and fed by private farmers. Perhaps private farmers might want to the take the chance and buy from state farms those cows destined for slaughter. The risk is not that high; even if the cow were to remain barren, it would still be better fed [on the private farm] and attain a higher slaughter grading.

I am not surprised that the state farms are unwilling to take over the structures and debts of ZGRs. Once it comes to relying on oneself alone, the personnel of state farms are tight with cash. But should these buildings be allowed to decay from disuse? Perhaps they should be inventoried, and the debt for the more productive facilities of this kind should be written off?

I am not sure whether a system of additional incentives should be provided for private farmers who undertake to utilize poor-quality land. I am convinced that a private farmer will squeeze more from "unwanted soil" than will a state farm. Then it will no longer remain no-man's land.

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FOREIGN TRADE PLAN CALLS FOR INCREASE IN EXPORT ACTIVITY

Bucharest REVISTA ECONOMICA in Romanian No 35, 28 Aug 81 pp 13-14

[Article by Ion Stanciu, deputy minister of Foreign Trade and International Economic Cooperation]

[Text] During the 1981-1985 period, the major objective of foreign trade--established by the Directives of the 12th Congress of the RCP and confirmed by the decisions of the plenary sessions of the Central Committee of the RCP of October and December 1980, as well as by the Second Congress of Workers' Councils--is the achievement of an active trade balance which will assure an equilibrium in the balance of foreing payments, and consolidate the country's currency reserves.

The foreign market situation is unfavorable for the development of trade. The large increases in crude oil prices require exceptional currency efforts on the part of importing nations, and have created in some western countries strong economic recession phenomena, stagnation and even retrogression, inflation, and unemployment. In attempting to hold back inflation phenomena, the industrialized nations have established exhorbitant interests in banking and finances, which at times--for dollar credits--have reached over 20 percent per year; this measure--which does not represent a solution for these countries since it bolsters recession and unemployment--does represent a heavy burden for developing nations which have foreign debts and cannot equilibrate their balance of payments.

Under the present international circumstances, and in particular in view of the high interest rates, the task of foreign trade becomes even clearer for assuring an equilibrium in the balance of foreign payments, thus contributing to reduce the foreign debt; this is a question which Nicolae Ceausescu discussed in his speech to the Second Workers' Congress, stating: "In the party and state leadership, we have decided to no longer accept any increase in the foreign debt, and to act firmly to constantly reduce it until it is completely eliminated."

The fulfillment of the tasks of foreign trade during the current five-year plan, with profound implications for Romania's total socioeconomic development, represents an objective requirement which can be successfully achieved--as clearly demonstrated by the results of the previous five-year plan in this domain--through the measures that have been taken, the conditions that have been created, and the orientations that have been established with lucidity for foreign trade and international economic cooperation during the 1981-1985 period.

During the 1976-1980 period, Romania's foreign trade volume increased by more than two-fold at an average annual rate of 16.5 percent; this illustrates the highly dynamic nature of this sector, the rate being higher than that of other indicators in our economy. This development of trade was combined with essential qualitative changes, and reflected in a larger number of highly processed products which incorporate more labor and domestic creativity, and which contribute to a superior valorification of the raw materials used in their production.

First among our country's exports during 1980, were machine construction products with a proportion of approximately 30 percent, and chemical products (excluding petroleum ones) with about 12 percent; within these groups, a greater percentage was devoted to the exportation of complex installations, electric and electronic equipment, low-tonnage chemical products, and other goods which derive the highest value from raw materials, which incorporate large amounts of creativity, and which contribute directly to high efficiency.

This high rate of development of economic trade in Romania during a difficult period on foreign markets, represents the results of efforts made to reach socialist industrialization as an essential factor for increasing our country's economic, technologic, and scientific potential, and fully confirms the appropriatness of our party's policy regarding the role and importance of foreign trade in the overall development of Romania's economy.

Qualitative Changes in Export Structure

During the current five-year plan, the foreign trade and international economic cooperation activity is developing to fulfill the objectives established in this domain by the Directives of the 12th Party Congress, and is characterized as a whole by blending trade with profound and comprehensive structural and qualitative changes in the conception and orientation of the valorification of products intended for exportation, so as to achieve a higher efficiency.

With respect to the 1976-1980 period, the total volume of trade will grow by about 75 percent at an average annual rate of 11.9 percent; compared to the 7.1 percent rate of the national income and the 8.8 percent rate of net industrial production, this indicator strongly points out Romania's greater participation in the world's exchange of values as part of the general process of the industrial division of labor, as well as the contribution of foreign trade to our country's overall socioeconomic development. The plan stipulates a more dynamic exportation growth, which will increase by more than two-fold with respect to the previous five-year plan, at an average annual rate of 15.7 percent, while importation will increase by 44.6 percent at an average rate of 7.7 percent per year.

The ratio established for the current five-year plan between Romania's exportation and importation is intended to assure an active trade balance and a surplus balance of payments, which will implicitly lead to a gradual reduction of the foreign debt until its complete elimination.

The evolution of foreign trade at these rates is combined and complemented by a continued thorough, diversified, and stronger concern in the form of programs and actions which will be applied in all branches of material production and all enterprises specializing in exportation, designed to generate significant qualitative changes reflected in a constant growth of exportation of products with a high degree of processing.

The diversification of exportation and its increased efficiency will continue to be focused with priority on structural improvements aimed at a larger percentage of machine construction and small-volume chemical products with a large degree of processing, within the total volume of Romanian exports.

In 1985, machine construction products will amount to one-third of the total exports, and chemical products--exclusive of petroleum ones--to 19 percent, the two branches thus contributing about 52 percent of Romania's export revenues.

The increased contribution of machine construction, in absolute value and as percentage, is accompanied by a strong restructuring of the exportation list, in the sense of product modernization and orientation toward categories of products which assure greater competitivity and efficiency. During the present five-year plan, another characteristic of machine construction exports--currently the largest group of goods in the trade balance--will be an increased proportion of complex installation exportation, represented particularly by the execution and delivery of large industrial installations, and the construction--particularly in developing nations--of metallurgical units, refineries, chemical fertilizer plants, cement plants, wood processing units, and so on; all of these offer good prospects for long term contracts, for continued delivery of equipment, for projects, documentation, production technologies, and specialized technical assistance, which because of domestic creativity provide the highest efficiency parameters. Added to these complex installations, as basic elements in the exportation of machine construction products, are the products of advanced technologies in this sector, such as electronics and fine machining, leading to possibilities for valorifications eight to twenty times higher than the metallurgical products which they incorporate, as well as automotive, railway, and naval means of transportation, and electric household consumer goods.

Activity in the chemical industry will be oriented toward a better valorification of crude oil and methane, so that the currency contribution per ton of crude oil and cubic meter of gas will be twice that of achievements so far. Doubling the value obtained from basic raw materials in this branch that plays such a large role in our country's exports, imposes the orientation of production so that it will provide for exportation of low-tonnage synthesized chemical products--dyes, lacquers, paints, fibers, pharmaceuticals--while reducing the proportion of petroleum products, fertilizers, and soda products, all of which are large consumers of energy.

During the current five-year plan, the continued development of the steel industry, an important branch of our national economy which will achieve an annual production of 18-20 million tons of steel, will supply machine construction with metal products, assure the fulfillment of the investment program, cover other domestic needs, and participate directly in exportation at a rate of nearly 10 percent in 1985. The exportation of metallurgical products will be oriented toward items which derive high value from raw materials: mill products from special alloy and low alloy steels, tubing, conduits, metal fabrications, tinned sheet metal, and so on; the average foreign price per ton that will be obtained from these products will be about twice as high as that obtained in 1980.

In the light industry, which will provide more than 10 percent of Romania's total exports, substantial qualitative improvements will be made to products intended for exportation, through better finishing, rapid adaptation to fashion demands, and constant creation of models to meet market demand, so as to include in foreign prices the significant contribution of domestic creativity through the production of small lots correlated with the demands and tastes of consumers in various areas of the world. Through the application of these measures, the valorification of one ton of raw materials used in the light industry will increase by 50-10 percent during the current five-year plan.

As part of the same concerns, greater value will be derived from raw materials in the lumber industry through a higher production of furniture and a diversification of models and presentations, so as to respond to the demand of various markets and obtain a maximum currency contribution; at the same time, we will increase the production of high quality paper and other processed wood products, while reducing the exportation of lumber for which the degree of valorification is rather low.

A Vast Field for Self-Management

The program for essential improvements in the technical parameters and quality of goods for exportation, is combined and complemented with measures designed to contribute to their marketability, aimed at increasing the competitivity of Romanian products on foreign markets. Under the present difficult circumstances of strong competition, the delivery of goods on short notice, on schedule, and in keeping with their sale, together with the organization of a Romanian marketing network which will bring sales closer to final consumers, are important factors which are being acted upon firmly to assert Romanian products on foreign markets and obtain a higher efficiency.

In the complex process of trade development, greater concern is devoted to concentrate sales on long term markets where our products have already been accepted, thus leading to large quantity sales, especially in some categories of machines and tools, means of transportation, and tractors and agricultural machinery, developing a framework necessary for organizing efficient service, as an essential element for the proper maintenance of the equipment, the sale of spare parts, and the creation of good prospects for future sales.

A factor of major significance for the more efficient assertion of our exportation on foreign markets, on which action has been taken until now and will have to be taken even more firmly, is the specialization of some plants, factories, or shops, most or all of whose production will be destined for exportation. The machine construction industry has large units which produce entirely for exportation four-wheel drive vehicles, railway cars, and technical equipment for refineries and cement plants; in the light industry as well, many units in the ready-to-wear and footwear sector work for exportation, such as the Clujana footwear enterprise, 90 percent of whose production is exported.

The continued concentration of exportation in specialized enterprises and units which are assured of the best technical equipment and of highly qualified crafstmen and specialists, represents one of the major directions in the programs of measures that are applied during the current five-year plan to fulfill exportation tasks under optimum conditions of competitivity and efficiency.

The expansion and diversification of exportation is correlated with importation activities as two inseparable aspects of the same process, with exportation assuring--as a whole and in relations with different countries--the currency resources necessary to pay for importations, as well as an equilibrated balance of trade.

The development of strong steel, machine construction, and chemical industries, require large importation of iron ore, crude oil, cokable coal, phosphates, bauxite, iron alloys, and so on. The magnitude of the importation of raw and other materials needed by industry imposes that the importation program for the products on which the present five-year plan has been established, be based on long term contracts in parallel with exportation contracts for industrial products which will assure the payment for raw materials under balanced currency conditions.

In carrying out this vast and complex process, which combines import diversification through the acquisition of raw materials from several countries (so as to eliminate dependence on a single market), with the processing of products obtained at close distances (so as to avoid transportation costs whose magnitude makes them increasingly prohibitive), qualitative changes are also occurring in respect to the orientation of exportation and importation along geographic zones. Because most raw material resources are located in developing nations, our trade with those countries will increase during the current five-year plan under conditions of mutual interest, based on a broad development of economic cooperation. The efforts to improve efficiency are complemented and correlated with those aimed at strengthening and perfecting the new economic mechanism and self-management in foreign trade; this is an area in which the latter find a vast field of action under the conditions created in December 1980 by Law No 12, regarding stronger worker self-management and financial and currency self-administration in foreign trade activities and international economic cooperation.

With the exportation of quality products at appropriate prices on foreign markets, the actions established for production and sales must assure the achievement of a maximum currency return.

An examination of exportation efficiency must lead--through a selection of models, manner of presentation, product quality, and markets--to a currency contribution (after deduction of costs in currencies corresponding to the raw and other materials, fuels, and energy, at their respective world market prices), which will compensate for management, manpower, and other costs in lei at a parity of at most 15 lei per dollar or ruble, while at the same time assuring currency profits.

The achievement of such efficiency parameters, reflected in the magnitude of the currency return, will also directly improve the other parameters which characterize the efficiency of foreign trade and international economic cooperation.

During 1981, the first year of the current five-year plan, the measures adopted for foreign trade are already demonstrating their effect in terms of better results than in preceding years. During the first seven months of 1981, exportation has increased--under less than favorable conditions--by 15 percent as a whole and 18.3 percent compared with the same period of last year, while importation was reduced by about 10 percent.

The actions that are being undertaken are aimed at the priority which must be devoted to exportation; they have been established on the basis of the exceptionally valuable indications provided by Nicolae Ceausescu, to create such conditions that by the end of this year a real qualitative leap will have occurred in exportation, thereby increasing the contribution of foreign trade to the overall development of our national economy.

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MEASURES TO IMPROVE URBAN TRANSPORTATION SITUATION

Bucharest REVISTA ECONOMICA in Romanian No 35, 28 Aug 81 pp 11-12

[Article by Dr Virgil Dinca]

[Text] The development of urban areas and the higher proportion of people with predetermined working hours demand that appropriate urban transportation be assured: shortest possible time, safety, and comfort. The interest in solving this problem, which is becoming increasingly difficult in large urban areas, springs from the general desire to improve the quality of life, and from the objective necessity of protecting the psychological and physical well-being of passengers, most of whom are directly involved in the labor force, in professional training, education, health protection, and so on.

In order to meet the greater transportation needs of our country's cities and towns, a number of measures have been taken through the years, designed to constantly improve public transportation. Increased investments in this sector of activity for instance, have substantially increased the number of vehicles, which in turn has made it possible to increase transportation capacities on existing routes as well as open new routes in cities or zones where industrial and demographic developments have required the introduction of service. During the 1950-1979 period, the number of localities with urban passenger transportation has grown from 27 to 223, while the length of routes has been increased 2.1 times for trolley cars, 24-fold for buses, and over 50-fold for trolley buses. During the same period, the number of passengers transported has increased 1.3 times for trolley cars, 30-fold for buses, and 124-fold for trolley buses (see table).

During all these years, and in terms of more recent achievements during the past five-year plan, great improvements have also been obtained in the modernization of vehicles through the introduction of the Metro in Bucharest, of silent trolley cars, and of high capacity, articulated buses and trolley buses, as well as through the development of taxi fleets. This has fulfilled a large part of the provisions included in the party program for this sector: "Greater attention will be devoted to public transportation, assuring the modernization of its material resources. To this end, a Metro will be built in Bucharest, and new types of vehicles will be adopted--silent trolley cars, high capacity, articulated buses, and others--thus satisfying in a greater measure the needs of the population, while avoiding air pollution and reducing noise."

Development of urban passenger transportation during 1950-1979.

A	B	C Lungimea traseelor — km —			D Număr de vehicule			E Călători transportați — mii —		
Anii	Numărul orașelor cu transport urban de călători	F tramvaie	G autobuze	H troleibuze	F tramvaie	G autobuze	H troleibuze	F tramvaie	G autobuze	H troleibuze
1950	27	343	411	7	1 198	339	13	686 256	86 613	2 636
1955	40	294	762	10	1 304	607	29	749 867	147 793	7 356
1960	109	417	2 925	92	1 913	1 583	318	890 404	418 102	77 477
1965	135	420	6 078	250	2 033	3 371	645	921 226	928 733	232 216
1970	173	430	10 332	267	1 977	6 021	818	943 982	1 723 642	362 393
1975	195	341	14 026	323	2 177	8 891	943	964 340	2 480 556	396 664
1979	221	722	16 608	331	2 368	11 932	1 079	898 796	2 598 964	327 653

Key:
A. Years
B. Number of cities with urban passenger transportation
C. Route lenght, km
D. Number of vehicles
E. Passengers transported, thousands
F. Trolley cars
G. Buses
H. Trolley buses

Need for Better Organization of Activities

Despite all the remarkable successes that have been obtained in public transportation activities, in the orientation of vehicle development, and in the exploitation of the vehicle inventory, some shortcomings have arisen in the form of a gap between the population's transportation requirements and the possibilities for satisfying these requirements at certain time periods, crowding during rush hours, excessively long travel times, and so on. As can be seen from the table, the development of the vehicle inventory has followed a certain orientation in terms of transportation systems, the stress being placed on buses rather than on electric vehicles such as trolley cars and buses. During 1970 for instance, the number of trolley cars was lower than during 1965, while the number of buses almost doubled; during the 1970-1975 period, the increases have been 47 percent for buses, 15 percent for trolley buses, and 9.5 percent for trolley cars. Of course, buses enjoy much greater autonomy in establishing or modifying routes, as well as the distinct advantage of being immediately usable since they do not depend on tracks or electrical installations. At a certain stage, they were able to satisfy urban transportation needs. Subsequently however, and in Bucharest for instance, it was observed that the removal of trolley cars along major-diameter routes that carry large numbers of passengers, has led to limiting traffic frequencies of more than 250 vehicles per hour per direction, at average succession intervals of 12-14 seconds. This produced a saturation of major traffic arteries, with the direct consequence of lower exploitation speeds, and therefore lower transportation capacities.

Because of this, and because of the difficulties created by higher foreign oil prices in meeting the higher fuel consumptions, as well as because of other factors, including the need to protect the environment, the question of trolley cars had to be reopened in 1969, as a means of transportation that is lasting, does not pollute the atmosphere, costs 20 percent less to utilize, and consumes electricity instead of fuels. Calculations have shown that in all cases, trolley cars are more efficient than other means of transportation when the passenger flow exceeds 6000-7000 per hour and direction. And since they share many of the advantages of trolley cars, trolley buses can obviously not be disregarded as means of transportation.

In this respect, the party leadership and Nicolae Ceausescu have provided specific indications for expanding electrically powered transportation in Bucharest and other large urban centers. Express indications were given for the introduction of trolley car transportation in Constanta, Craiova, Ploiesti, Pitesti, Brasov, and Cluj, as well as in other localities if justified by needs. A large number of trolley cars for Bucharest were imported from Czechoslovakia, especially during the first portion of the 1970-1980 period, together with the domestic adoption and construction of modern models of double-articulated cars, and of unpowered cars pulled by powered ones, sufficiently large to accomodate large numbers of passengers. It is imperative to continue fundamental studies to establish the most advantageous systems of transportation depending on route lengths and passenger flow, emphasizing high capacity electric transportation in localities with more than 100,000 inhabitants, and for connecting localities and industrial sites or downtown areas and outlying or suburban areas. At the same time, interested ministries must take steps to produce in Romania, the necessary equipment associated with the proper operation of electric means of transportation--rectifiers, tracks for trolley cars, and so on--as well as spare parts and maintenance and repair materiel.

Other problems in assuring traffic flow were created by inadequate street networks, with many uncontrolled intersections and street-level pedestrian crossings. We are still feeling the lack of parallel traffic arteries which could provide one-way traffic flows, avoiding overcrowding of streets in the center of Bucharest and other large cities. Added to these are portions of routes of inadequate size which create traffic bottlenecks, or which are pronouncedly uneven and rough, thus harming the suspension, wheels, transmissions, and steering of means of transportation.

Beginning with the last five-year plan, sustained efforts have been made to eliminate these problems through major traffic plans approved by the leadership, together with reorganization plans for each locality. The solution to the problem also involves some pierce-through efforts in inhabited areas, in order to shorten and expand traffic flows by connecting existing streets, especially in Bucharest, where there are many tortuous routes which are difficult to navigate and limit the speed of exploitation.

Greater Concern on the Part of Specialized Organs and Units

In addition to these measures with highly favorable effects, people's councils and the managements of public transportation units must devote greater attention to the proper organization of traffic and the maximum and most efficient use of available vehicles, so as to satisfy the transportation demand as completely and promptly as possible, while economizing the maximum amount of fuel and electricity. This raises the need to eliminate rush hour demands which exceed the maximum capabilities of the present inventory, through a most advantageous staggering of opening times in economic and social units, thus leveling hourly demand indicators for public transportation. Insufficient concern has been noted in some localities for staggering work hours, especially at units in industrial sites, thus maintaining inappropriate travel conditions at shift changes, and imposing heavy additional investment efforts to bring vehicle inventories to the level of rush hour demands.

Because of urban crowding and tortuous routes, and despite the fact that the performances of newly introduced vehicles have improved, exploitation speeds are relatively low, resulting in incomplete utilization of inventory capabilities and longer travel times. In addition to improvements of the street network and to repairs and maintenance of traffic arteries, all measures must be taken to reduce as much as possible the time between the occurrence of a traffic event on a route and its solution. It is the duty of public transportation units to use their available means of communication and traffic control to intervene effectively and immediately with properly equipped road service units, so that the duration of the intervention will be minimal and that the vehicle will resume its travel or be replaced--if the repairs are major and cannot be performed on the spot.

Traffic flow is also assured through a closer correlation between the schedules of various urban public transportation units and those of interurban transportation. The discharge of large numbers of passengers at railway stations, bus stations, airports, and ports, at any one given time, requires a higher density of public transportation vehicles at those hours, in order to avoid extended waiting periods and vehicle overcrowding--a fact of which public transportation units should be more aware.

Traffic safety, speed of exploitation, and a reduction in the number of traffic events depend in large measure on the quality of the maintenance and operarating personnel. From this standpoint, despite the difficult working conditions of vehicle drivers in a large city, and therefore despite all the difficulties which must be eliminated, in order to have a stable and competent personnel the selection and instruction of this personnel must nevertheless be improved, the work involved in training and educating all the personnel in public transportation units must be intensified, and better social conditions must be created, to instill in all workers more interest and effort for the proper functioning of public transportation.

In continuing the actions undertaken in recent years to improve public transportation, the executive committees of people's councils in cities and towns must ask their subordinate specialized organs to update their urban transportation studies, seeking to increase the speed of exploitation through judicious location of stations, optimizing the distances between them and redistributing means of transportation among routes on the basis of investigations of demand and hourly variations for transportation, thus correlating transportation capabilities with demand. From the sums allocated annually through the plan, people's councils must assign priority to the maintenance, repair, and modernization of streets, roads, and bridges used by public transportation, so as to increase efficiency and safety, and avoid bottlenecks and stoppages. It is also necessary to assure the proper maintenance and repair of means of transportation, the recruitment and instruction of drivers, so as to increase safety and reduce the number of events per trip: collisions, accidents, discussions with passengers, and so on.

Since this is an important economic and social problem and one component in the quality of life, the executive committees of people's councils in cities and towns must periodically discuss the matter with specialists and the public, and take appropriate measures to improve public transportation, which affects not only working conditions, but also the recreation and living of urban inhabitants.

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ROMANIA

MINISTER STRESSES GREATER EFFICIENCY FOR EXTRACTIVE SECTOR

Bucharest ERA SOCIALISTA in Romanian No 13, 5 Jul 81 pp 6-10

/Article by Virgil Trofin, deputy prime minister of the government: "Problems of Development of Raw Material and Fuel Resources"7

/Text7 In preparing the program for the new stage of construction of the fully developed socialist society (the 1981-1985 period) the 12th Party Congress concentrated economic activity on further use of domestic resources to procure the energy and raw material base essential to the further intensive growth of the national economy. Romania intends to redouble its efforts to exploit new reserves of petroleum, gases, coal, shales, thermal waters and other unconventional resources in order to obtain more of its needed energy reserves from its own resources than it does at present and to achieve complete energy independence by the end of the current decade. The reserve of ferrous and nonferrous ores will also be increased, to meet the demands of the economy to a greater extent out of domestic production and with considerably less imports.

In fact the problem of procuring resources of mineral raw materials and fuels concerns the whole world today, of course to a greater or less extent and with more or less urgency from one country to another. The economic crisis and especially the energy and petroleum crisis, which has been aggravated in recent years, have created increasingly serious difficulties and complications compelling many countries to restructure their economies in keeping with the resources they have and the possibilities offered by collaboration with the producer countries.

We all know Romania has a complex geologic structure and that mining and processing the various substances are ancient and regular occupations in those regions, but the constantly growing needs of its national economy for some raw materials and fuels cannot be entirely satisfied. This lends particular significance to Nicolae Ceausescu's directive to the effect that no one must abandon a deposit because the calculations indicate it would be unprofitable to work it. The geologists, miners, petroleum workers and other workers in this sector should make all the necessary studies and investigations, while the decision whether to work the deposit is to be made by the party and state administrations alone.

The priority on the extractive industry in the current period of national development is also indicated by the heavy investments in this sector, amounting to 48 billion lei more in 1981-1985 than in the last five-year plan. The funds for geologic research have been increased by about 13 billion lei in the same period, most of them (about two-thirds) being allocated to discovery of new energy resources in the form of coals, crude oil and gases.

The large volume of geologic data acquired in the course of time, which now permits a basic description of the state of the reserves of mineral raw materials, indicates that there can be no question of exhausting those resources. But it is increasingly difficult to pinpoint them because the reserves remaining to be discovered are in areas with more complicated geologic structures and lie at greater depths, while the deposits are of smaller size and their contents are poorer in useful mineral substances. All this calls for ever greater efforts and improved methods and techniques of investigation along with intensified improvement of the technologies.

On the basis of these general directions of development of the extractive industry and geologic research, what are the main aims, options and trends in 1981 and the 1981-1985 period? What problems are confronting the miners, petroleum workers and geologists in implementing the plan tasks? How will the obligations to the sectors receiving raw materials and fuels be met, and what is expected of the collaborating sectors, especially those supplying equipment and materials?

1. Rapid Growth of Extraction

The 12th Party Congress called for special emphasis in the energy field in this period upon use of solid fuels and especially the inferior coals (lignite and bituminous shales), so that the proportion of coal-based electric power in the total power output will be increased from 26.5 percent in 1980 to 47 percent in 1985. For this purpose it is planned to increase the output of lignite and fine brown coal from 27.1 million tons in 1980 to 73.6 million tons in 1985, requring annual gains of 8-13.5 million tons compared with 2-3 million tons in the last five-year plan. The gross output of soft coal will be up 55 percent and the total output of fine coal will reach 85.6 million tons in 1985 from 35.2 million tons in 1980. In the following years exploitation of the combustible shales at Anina will begin for the first time, and they will be used in a thermoelectric power station now under construction. The output is to reach 10 million tons in 1985 from 1 million tons in 1982. The planned extraction of crude oil (12.5 million tons in 1985 compared with 11.5 million tons in 1980) was proportioned in view of the intensified drilling effort and the greater importance of recovery of crude oil from the majority of the deposits.

The programs to attain the production quotas for coal, petroleum, gases and ores include a series of measures to expand the operations to enhance knowledge of the reserves, to develop the existing production capacities and create new ones, to procure the equipment for starting, preparing and implementing production, recruiting the labor force, providing the social-cultural facilities etc.

Development of mining in these years is characterized by a more rapid increase in the extracted mass in comparison with the quantity of useful mineral substances. In the case of coal, for example, this increase is determined by deterioration of the ratio of gangue to coal in the new pits from the 2.5-3 cubic meters per ton of coal that is now extracted from the pits in operation to 6 cubic meters per ton of coal due to the start of extraction in the hill areas in the Gorj region and also in Mehedinti, Vilcea and Sf Gheorghe. In the whole five-year plan about 1 billion cubic meters of gangue will be excavated and transported in order to open up the coal strata. In the nonferrous ores sector the extracted mass will be 3 times greater in 1985 than it was in 1980.

As Nicolae Ceausescu pointed out in his speech at the Second Congress of Councils of Workers in Industry, Construction, Transportation, Circulation of Goods and Finance, because of the lower useful content of Romanian ores firm measures are required to improve the technologies in the mining industry, to cut costs and also to improve the technologies for extracting the useful substances with maximum productivity. For this purpose we intend to considerably expand the technology for extracting coal from faces equipped with mechanized systems for shoring, cutting, loading and transporting, as well as completely mechanized extraction of lignite in pits, and to increase the volume of mechanized opening and preparatory operations. In the nonferrous ores sector measures have been planned for expanding highly productive methods (working in substages by storing the ore, collapsing the roof etc.), for pit extraction of the poor copper ores at Moldova Noua and Rosia Poieni, wide-scale use of mechanized means for digging mines and loading the material obtained, and more intensive use of drilling installations with one or two arms in making boreholes in cutting and other operations.

Application of these new working methods and techniques requires all the creative power of the collectives of workers and specialists in units as well as a greater contribution from internal technological research and design. In the last few years the ministry has organized research and design units and bodies in nearly all regions and centers of the mining and petroleum extractive industry. This important design capacity cannot obtain good results without close cooperation with production through prompt application of the research and design results. The Central Research Institute for the Extractive Industry has a greater role and responsibilities, since it is expected not only to coordinate the research plans but also to provide for better distribution of the productive forces in the performance of the various research and design tasks and for prompt finalizing of the studies that have been completed.

The intensive increase in coal production and the specified levels of ore production require a long-range effort to secure the underground and surface working fronts. The centrals, combines and enterprises have further emphasized those operations of late but there are still some lags, especially in the underground opening operations in Valea Jiului and Oltenia and in the prospecting operations in the pits in the latter region. The ministry administration recently analyzed the causes of the lags and took steps to enforce the operating schedules, distribute the manpower and materials properly, and raise the use indices of the cutting combines.

Punctual activation of the new underground and pit production capacities requires better cooperation with the machine building industry, organization of installation in extended shifts or two shifts, and procurement of the necessary hoisting installations, tools and devices. In the ores sector we want the technical-economic documentation for the new capacities specified for the current five-year plan to be completely prepared and submitted for approval in this and the following year, concentrating the forces of the construction-installation organizations on the capacities with close activation dates such as the deposit of poor copper ores at Moldova Noua and the installation for simultaneous processing of lead and zinc concentrates at Copsa Mica.

The present stage of the petroleum extractive industry in Romania calls for pronounced transition to intensive methods of utilizing the available reserves, such as detailed geologic research, studies of efficient petroleum engineering, protection of reserves, intensification of their recovery, and better organization of the operational processes. It is intended in this way to make the crude oil and gas extractive industry contribute to the needs of the economy in keeping with its maximum potentials. Therefore the levels for extraction were set in view of the findings of geologic research for discovery of new reserves, obtaining the greatest possible outputs from the deposits being worked, digging and activating more oil wells on the old structures as well as in the newly discovered regions, and intensifying recovery of crude oil up to the rational technological limit. In the current period 80 percent more production and injection wells are to be drilled than in the last five-year plan.

Of course maintenance of the wells in production in the best operating condition is essentiall to efficient crude oil extraction. For this purpose many new emergency brigades will be formed at the oil fields, current and capital repairs on mobile emergency installations will be centralized by organizing and outfitting a special unit for those operations staffed with service and repair teams in the main operational areas, access to wells will be improved by construction and capital repair of oil field roads, and the units will be equipped with new transport and loading means.

The present stage of exploiting the petroleum deposits, characterized by decreasing discharges per well and a high percentage of impurities, requires radical restructuring of the extraction technologies and bold application of advanced operational procedures based on physical-chemical principles essentially different from those upon which the known methods are based. For example thermal methods (underground combustion and steam injection), which have proved effective in deposits of both viscous and ordinary crude oil, will be considerably developed. Of course completion of the studies and tests of some new processes and the start of their industrial application require better collaboration with the units of the chemical industry and other sectors for purposes of assimilation and current manufacture of the necessary substances and materials.

Application of the Decree of the State Council, drafted at Nicolae Ceausescu's suggestion, on incentives for personnel exceeding the planned extraction of crude oil, coal, nonferrous metals and other raw materials will be vital to implementation of the plan tasks in our sector. A worker who exceeds his plan tasks, for which he receives the due benefits, will also receive special bonuses amounting to as much as 15 percent of the value of the above-plan products.

Programs for cooperation and collaboration with other countries are being expanded along with the extensive effort to expand the reserve of domestic fuels and mineral raw materials. Romania now has very good specialists (petroleum workers, miners, geologists and designers) experienced in production and working methods as well as adequate technical aid for equipment. All this favors expanded collaboration with other countries through geologic studies, mining operations, drilling, mining and petroleum constructions and installations, mixed companies and other mutually advantageous forms of cooperation. By expanding these forms Romania is contributing to exploitation of mineral resources in the developing countries especially and procuring quantities of fuels and raw materials it needs.

2. Intensive Geologic Research

Geologic research, which should keep one step ahead of production, was concluded in the last period with good results and fulfillment of the plan provisions in the main technical-economic indicators and also in those of discovery and determination of new volumes of planned reserves, with the exception of petroleum. A number of new petroleum deposits were discovered in that period, including some at great depths and on the Black Sea continental plateau, and new deposits were determined of energy coal, ferrous and nonferrous ores ores and nonmetallic substances.

Yet there are still shortcomings and difficulties in this field, which were closely analyzed at the Working Conference of the RCP Central Committee with Activists in Geology in October 1980. They are primarily due to slow activation of the reserves because of low operating speeds in drilling, production tests and mining, and also to limited use of modern methods of geologic and geophysical investigation for lack of adequate research equipment. Insufficent use of equipment and installations, inadequate control of geologic activity in the operational units and also in the petroleum trusts and mining centrals and combines, and insufficent effort to recruit and train qualified personnel are further defects in this sector.

In view of the extractive industry's great tasks in the new stage of national development and the negative situations that must be completely and immediately eliminated, the geologic research program for 1981 and the 1981-1985 period calls for intensified research to expedite the discovery of new reserves of petroleum, natural gases, coals, geothermal waters, combustible shales, ferrous and nonferrous ores, aluminum, rare and dispersed metals, nonmetallic substances, and other useful mineral substances. The geologists' field of operations will be extended throughout practically the whole nation and to all useful mineral substances.

Geologic prospecting for petroleum and gases will be performed in the areas and at the capacities with possible reserves to be discovered, located at depths down to 3,500 meters, at great depths, and on the Black Sea continental plateau. At great depths, where investigation of the capacities is more limited, exploration will be intensified in all promising areas and especially in those that have proved productive or show signs of hydrocarbons. Geologic prospecting for natural gases will be extended particularly to the areas outside the Carpathians, which also show major potentials for discovery of new reserves. The total volume of geologic drilling for petroleum and gases amounts in the present period to over 4.8 million meters more than in the last five-year plan and includes over 1.3 million meters at great depths, or over twice more than in the previous period. It is also planned to drill wells 8,000-10,000 meters deep to check the possibilities of genesis, accumulation and preservation of hydrocarbons at very great depths.

The increased volume of prospecting for petroleum is to be implemented along with qualitative improvement of geologic and geophysical study of the wells, a field for which the petroleum units have limited possibilities at present. Among the devices now in the inventory, only a few can perform complex measurements permitting precise determinations of the areas containing petroleum and gases. There is also a serious lag in the possibilities for direct determination, during drilling, of the petroleum, gas and water content of the strata encountered, which is quite feasible with special equipment. Elimination of these shortcomings and adjustment to modern equipment will be among our priority efforts.

We are emphasizing prospecting for discovery of new reserves of solid mineral fuels, since the measure has been taken of building no more power generators based on hydrocarbons. Geologic operations will be performed for this purpose in all regions of

Romania, both to expand the known deposits and to discover new ones in the areas short of energy sources. For example, in order to reveal new coal reserves drilling investigations and mining operations will be intensified in the regions in the Banat, Anina-Bradet, Bigar and Lupac, and also in the new regions in the same area. Underground and surface mining operations and drilling will be performed at the deposits being worked in Valea Jiului, especially at the Livezeni, Dilja, Barbateni, Uricani and Iscroni deposits, in order to improve knowledge of the existing reserves to the point necessary for planning and performing mining operations with mechanized means and modern technologies.

Determination of new lignite and brown coal reserves is very promising in Romania. Prospecting with drilling and explorations will continue in all regions where formations bearing energy coal are known to exist. For example the regions will be investigated that are located in the area of the lignite mines in Oltenia, including those in the new regions of Husnicioara and Izvor Anestilor-Prunisor-Livezile in Mehedinti County and Horezu in Vilcea County. In the area located in the regions in the Schitu-Golesti basin and in the whole sub-Carpathian area between Valea Oltului and Valea Buzaului, drilling studies and mining operations are planned in order to discover new regions with reserves of exploitable lignite. The lignite accumulations revealed to the south of Bucharest in the area between Valea Dimbovitei and Valea Neajlovului will also be investigated. Coal prospecting in Moldavia will also be continued in order to determine the prospects and description of new reserves in the fields now being worked in the Comanesti region and in new capacities. The list of examples could be extended.

For better knowledge and economic exploitation of some new capacities now being worked, geologic investigation will be particularized by means of a large volume of mining-pilot mine operations, experimental working, shafts with wide diameters sunk by means of drilling installations, etc. In this way the technical-economic conditions for underground exploitation will be clearly specified. The schedules for these operations call for their completion in 1982-1983 in order to meet the minimum requirements for starting current exploitation of the respective mines in the last years of the five-year plan.

Intensive geologic prospecting for ferrous and nonferrous ores and nonmetallic substances will be done in both the known and new areas. For iron, for example, operations will be performed to open and investigate the Palazu-Mare deposit in Constanta County, a large deposit but particularly difficult to work. Along with the geologic prospecting operations and in order to enhance knowledge of the deposits of nonferrous and gold and silver ores, operations will be performed to place new reserves in production that are located in areas adjacent to them and in new areas in the regions of Baia Mare, Baia Borsa, the Eastern Carpathians, Muntii Metaliferi, Muntii Bihorului, Muntii Poiana Rusca, the Banat and Dobrogea. Major operations will be performed to discover new reserves of ores for aluminum, rare and dispersed metals, etc.

We know how important it is to minimize imports in order to make up the balance of foreign payments. To reduce the imports of mineral substances of which the domestic resources are limited or which are available solely by import, measures have been adopted for some geologic and technological studies that will permit satisfaction of the requirements for efficient industrial production. This means primarily substances with an assured domestic raw material base like anthracite, kaolin and refractory and semirefractory clay.

Clearly the current and long-range geologic tasks are heavy and very critical. Their fulfillment requires better use of specialists and improvement in the system of organization and management to provide for a regular check on performance of the operations and prompt application of the results obtained. For this purpose and on the basis of Nicolae Ceausescu's directions at the Working Conference of the RCP Central Committee with Activists in Geology in 1980, we started to found and consolidate geologic sections in a number of areas, to equip and expand some laboratories, to organize composite teams and to assign them to the vital capacities. Some suggestions are also being considered to improve the organization and management of geologic activity on all levels in order to make it more efficient and effective.

3. Greater Efforts Toward Economic Effectiveness

With relatively limited geologic reserves of energy, especially of hydrocarbons, and some growing needs for enery, the problem of rapid intensification of recovery of the reserves has many economic implications. These implications must be considered Throughout the activities in connection with discovery of reserves, extraction and preparation of fuels and, of course, production of electric power.

According to the analyses made by the specialists, extraction of the lignite reserves located below the present capacities under exploitation, under difficult geologic and hydrogeologic conditions, requires greater investements and operating costs. Development of coal extraction in the current period and of extraction of ferrous, nonferrous and nonmetallic ores as well as maintenance of petroleum extraction at the highest possible level by means of intensified recovery requires, under conditions of increasingly difficult exploitation, an increased volume of investments and also an increase in the specific investment and the production costs. The law passed by the Grand National Assembly at the end of last yearon updating prices provides for the profitability of the sector in 1981, or a more objective distribution of the profit between the extractive industry and that consuming or processing raw materials and fuels.

Once the new prices were applied, the ministry's management council adopted specific measures for better management of the production means, elimination of waste, and better organization of production and labor in order to lower production costs as far as possible. We are resolvedto take the firmest action, as the party administration asks us, to enhance economic effectiveness, to carry out the pinciples of the new economic-financial mechanism properly and consistently, and to strengthen self-administration and workers self-management in all units of the extractive industry.

Some of the greatest opportunities for this are in the use of the large volume of technical equipment and resources in the inventory. In order to produce the large number of new wells and the volume of investigative drilling, for example, we intend to raise the operating speeds in 1985 by 80 percent from 1980 for depth drilling and by 30 percent for normal drilling, and to shorten the duration of assembly-dismantling-transportation of installations by 30 percent. In the coal sector, the use index of rotor excavators in pits is to be raised from 58.8 percent in 1980 to 75-80 percent in 1985. Physical labor productivity per extracted and prepared ore will be increased by about 2.2 times in the same period. We stress the particular importance of intensified use of rotor excavators in the Oltenia region to achieve the immense volume of coal and prospecting specified for that region. The managements of the ministry and the mining combine are making every responsible effort to make better use of the available working time of the excavators, to thoroughly organize inspection and repair operations, and to supply spare parts promptly so that the excavators can operate to their full specified capacity.

Supply of the necessary technical-material resources and especially perfected machines and equipment is essential to the vital objectives of the extractive industry in the current period. In the last 3 years of the last five-year plan the program was completed to assimilate and introduce manufacture of some equipment vital to the mining and petroleum industry, including new types of face-working systems and combines, cutting combines, drilling installations, bucket-bearing rotor excavators, dumping machines, high-capacity bucket excavators, heavy dump trucks, high-capacity ore mills, depth drilling installations with electric and diesel electric drive, etc. The program for equipping the extractive industry drafted for 1981-1985 calls for assimilation and manufacture of over 340 types or groups of new main machines and installations as well as many mechanization devices to enhance labor productivity. The administration of the Ministry of Mines, Petroleum and Geology jointly with the supplier ministries and especially the machine building and metallurgical industries makes a regular effort to produce precisely the equipment, installations and spare parts specified in the program. We note in this connection that the high growth rate of the operating speeds in drilling requires a greater effort by the specialized plants to further improve the cone bits and to assimilate highly productive bits like those with sliding bearings.

Greater efforts are necessary to improve some ribber products needed by the extractive industry, especially rubber rugs for conveyors, auto tires, hoses for compressed air, and protective boots and coats. And due to the greater volume of ores to be processed in flotation installations increasing quantities of reagents are required, which are being imported. The units of the chemical industry will have to assimilate reagents and expand the capacities for producing them.

The extractive industry's increased tasks will also bring changes in the labor force and its structure in 1981-1985, especially qualitatively, and it is a highly urgent problem. The human potential now employed in the ministry's units comes to about 344,000 hands, including 302,000 workers, 8,400 technicians, 9,200 craftsmen and 9,500 engineers. This potential is to be inceased considerably by 1985,due to development of productive activity and activation of new capacities, by about 16,000 skilled workers, 2,300 personnel with secondary education and 3,100 personnel with higher education. When we allow for the normal personnel turnover, the total number to be recruited and trained in this period is much higher.

Alongside organization of short-term qualification courses operating under enterprises, professional, technical and expert education will be developed in all mining regions and centers. Training of the miner and driller will emphasize mechanics and electrical engineering because the traditional miner and driller, who performed mainly manual labor with great physical exertion, have become mechanization specialists and operators of complicated machines and installations. This training, comprehensive, constantly changing, and adapted to progress in production, is to be based on principles of integration of education with productive experience.

The concern of the party and state administrations for the work and lives of the workers in this sector will continue to be characterized by the major effort to build and activate many dwellings in the cities and the centers of the mining and petroleum industry,as well as hostels, canteens and social units, and to improve labor safety at all work places.

The units of the Ministry of Mines, Petroleum and Geology made a better start in 1981, the first year of the new five-year plan. In 6 months they produced a considerably greater output than in the corresponding period of last year, namely 124,000 more tons of washed coking coal, 1.54 million more tons of lignite and brown coal, 46,000 more tons of crude oil, 17,000 more tons of ethane, etc.

But there are some lags behind the plan provisions for the main items in this period, namely coal, petroleum, electrolytic and transformer copper, sulfuric acid, and some nonmetallic substances, nor was the construction-installation plan for the worksites of the new capacities completely fulfilled.

In referring to this situation at the recent working conference of the RCP Central Committee, Nicolae Ceausescu pointed out the necessity of improving coal and petroleum extraction, upon which fulfillment of the state plan heavily depends. On this occasion the party secretary general called for much firmer action to eliminate the defects that persist in this sector, to tighten labor and production discipline, and to improve the organization and management of all enterprises.

A strong detachment of miners, petroleum workers and geologists are at work in the extractive industry, deeply devoted to our party's and state's policy, who are responding to the concern and efforts of our socialist society on behalf of their working and living conditions by making every effort to eliminate the defects that still remain and to perform their tasks on a higher qualitative level. The results obtained in the first part of this year which, as we said, are better than in 1980 reflect their resolve to do all they can to meet the needs of the national economy for mineral raw materials and fuels this year and throughout the five-year plan.

5186
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UNEMPLOYMENT PROBLEMS, DATA DISCUSSED

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 24 Aug 81 pp 15-17

[Article: "Employment: Shield Against Coercion"]

[Excerpt] The folk saying that it is better to be a saver than a worker is hardly being borne out today. It is not only the inflation rate higher than 50 percent that has made working papers worth more than a passbook, since that relationship in attractiveness (and actual value) is older than that high rate of inflation. Basically it lies in the almost absolute protection which the employment relation offers, affording the opportunity on the other hand for a very comfortable behavior on the part of those who have acquired the status of workers in associated labor. In any case the unquestionable attractiveness of working papers certainly contributes to the very high demand for that document, which is proving to be a lucrative and reliable means of obtaining what one needs to live on.

Pressure of the Labor Supply

The most recent figures presented to the public by the Federal Bureau for Employment Security show that more than 800,000 persons (precisely 802,877) seeking employment registered with employment security communities in June. The largest number of those seeking work were in Serbia, where the total was 416,759 registered applicants (71,146 in Kosovo and 83,167 in Vojvodina), and then 139,031 in Bosnia-Hercegovina, 125,740 in Macedonia, 85,747 in Croatia, 23,950 in Montenegro and 11,650 in Slovenia.

The order is somewhat different if these figures are related to total population (on the basis of the figures from this year's census). We see that the greatest pressure for new jobs is in Macedonia, where those seeking employment comprise 6.6 percent of the total population. In Serbia 4.5 percent of the population is seeking employment (4.6 percent in Serbia proper, 4.1 percent in Vojvodina and 4.4 percent in Kosovo); it is 4.1 percent in Montenegro, 3.4 percent in Bosnia-Hercegovina, 1.9 percent in Croatia and only 0.6 percent in Slovenia.

The figures, however, are relative not only with respect to the size of the population, but also with respect to the total labor force and the age-specific and educational composition of the population and other indicators. If we bear in mind that only 11 percent of the population in Kosovo is employed, while in Slovenia that percentage is 41.5 percent, it is clear that the figures on distribution of the total number of citizens seeking employment should be taken in context. A table showing the share of the various republics and provinces in the total labor force and the total number of those registered for work offers a somewhat fuller picture. The share was recomputed on the basis of figures for 1979.

Republic	Percentage of Labor Force	Percentage of Persons Seeking Work
Bosnia-Hercegovina	14.2	17.1
Montenegro	2.2	2.9
Croatia	24.4	10.1
Macedonia	7.3	14.9
Slovenia	13.9	1.3
Serbia	38.0	53.7
Serbia proper	25.3	35.8
Kosovo	3.0	8.3
Vojvodina	9.7	9.6
Yugoslavia	100.0	100.0

The differences between the republics and provinces makes the picture more complete, but that picture also shows trends on which regional differences have no essential impact. Development to date has been accompanied on the one hand by a very rapid growth of employment in the socialized sector and on the other by a faster growth of the rolls of those seeking employment.

Employment increased between 1952 and 1980 by more than 4 million workers (from 1.6 to 5.7 million). This increase, which comes out to a high annual rate of 4.4 percent, made it possible to employ the entire natural addition to the able-bodied population (also amounting to about 4 million over the last 28 years). If we take into account that today there are more elderly people, pensioners, and students over 15 years of age--all of which are statistically included in the group added to the able-bodied population--it is clear that group is actually smaller, that is, that hiring has been faster than the growth of the able-bodied population.

Hiring Patterns

The labor force participation rate (those employed relative to the total population) has risen 2.5-fold over 1952, so that last year there were 259 persons employed for every 1,000 inhabitants. However, the army of those seeking work has been growing still faster. The number of persons seeking employment was increasing between 1952 and 1980 at an annual average rate of 10.7 percent. The pressure for new jobs has been especially evident over the last two decades. The very rapid growth of education, which brought about changes in the skill-specific composition of unemployment rolls, has especially contributed to that. Whereas in 1960 only 18 percent of those on the rolls were trained (highly skilled and skilled workers and people with senior and junior postsecondary and secondary specialized training), last year they had a share of 43 percent in the total number of registered unemployed. Viewed from another angle this change is also pointed up by the datum that two decades ago those who had not been previously employed represented 38 percent of registrants looking for work, while today they represent 68 percent. However, we should not lose sight of the fact that along with those changes in composition, the number of people seeking employment has been increasing more rapidly than the labor force and also more rapidly than the able-bodied population. Thus for every 1,000 able-bodied inhabitants in 1952 there were 4 persons seeking employment, two decades ago there were 14, one decade ago there were 25, and last year there were 54 of them.

A similar evolution is noted with respect to the size of the labor force. Whereas in 1952 there were 26 people seeking employment for every 1,000 workers employed, there were 53 in 1960, 83 10 years ago, and 135 last year. This means that if in some way it had been possible to employ all those who registered, the total work force would have risen 5.3 percent two decades ago, 8.3 percent one decade ago, and 13.5 percent last year. However, this was not possible.

First of all, it is beyond all doubt that not everyone registered with employment security communities is actually unemployed. Establishment of criteria for distinguishing those who can become employed only by finding a job at the place where they are registered from those others who could be self-employed or could take jobs in some other place where their work is in demand has not been completed, even though it was set forth as a social task back 7 years ago (by the 10th LCY Congress). The Federal Committee for Labor, Health and Social Welfare has estimated on the basis of provisory criteria that there are about 600,000 people who are actually unemployed, that is, three-fourths of those registered. The others, then, have registered so that they might exercise their rights on the basis of guaranteed social security. Last year 18,000 persons on employment security rolls were receiving money benefits, and 233,000 persons, nearly 30 percent of those entered on the rolls, qualified for health care on that basis.

Second, it is not realistic to expect a reduction of the unemployment rolls when one takes into account that organizations of associated labor are less and less able to take on new workers. The growth rate of employment has been dropping year after year. Last year it was 2.7 percent, which means that the labor force of organizations of associated labor increased by 150,000 workers, but the increase projected for this year is 96,000, which is 1.7 percent. The medium-term plan envisages that the number of employees will increase by 740,000 by 1985, which presupposes an average annual rate of 2.5 percent. The plan, then, presupposes invigoration of the economy in coming years, which will make up for the slower initial pace, but it also assumes elimination of the extensive development which has been dominant up to now and which has also been manifested in the growth of employment.

The Model of Extensive Development

It is no new discovery that development policy has been reproducing the model of extensive development, in which the opening up of new plants and new jobs were the dominant goals and criteria of development. The constant pressure for new jobs under the impact of rural overpopulation (which was discussed at greater length in EKONOMSKA POLITIKA, No 1520, 18 May 1981), as well as because of neglect of small business and the disproportionate attractiveness of the major urban centers, favored the occurrence and growth of fictitious employment. It has almost been the rule that new factors with technically up-to-date equipment started out with marked industrial overpopulation and their technology was not exactly the optimum. Aside from the aspiration for the highest possible employment--which by and large has been the predominant motive for opening up new plants, the new plants were also burdened by the legacy of lateness in providing financing for the capital investment, unrealistic cost estimates and excessively long investment cycles. For the sake of clarification we should add to all this the persistent inclination toward investment "doping" by committing inflationary sources and foreign credit to the financing of development. The expected results of the investment were exaggerated in order to provide justification, so that a distorted picture of development was created, and on that basis erroneous measures were undertaken to bring the pace of development into line with the actual goals and interests of society.

The growing pressure for new jobs is having consequences which are very troublesome from the economic standpoint. Fictitious employment [the original reads unemployment], which is also increasing under the ever greater pressure, means a heavier burden, especially on industry, which willy-nilly must confront world standards of productivity, than the burden which unemployment places on the back of society. According to certain surveys (Institute for Planning and Management Systems in Belgrade), at least a good fourth of employed persons are more ballast than contributors to the income of the organization of associated labor, since the same income could be achieved with 25 percent fewer workers if there were better organization and adaptation to economic criteria (EKONOMSKA POLITIKA, No 1520). If one out of every four workers in associated labor is fictitiously employed, this is an incomparably more difficult problem than if one out of every four persons in the unemployment rolls is only fictitiously unemployed--since we are talking about nearly 1.5 million workers and almost twice as many dependents, and all of this exerts direct pressure on the competitiveness of our production. The larger portion of the fictitious employment that is located in industry, the more serious the problem is, since productivity hampered by that kind of burden tends to exhaust the ability of production to generate capital and funds for reinvestment, when that production maintains on the one hand the entire edifice of the social superstructure, and on the other, by increasing the purchasing power of the workers and on the basis of a real growth of income, it is supposed to generate a growth of agricultural production. This very unfavorable outcome closes the circle which was opened by the uneconomic approach in development policy and the predominance of welfare motives over economic motives in expanded reproduction and in development as a whole.

Welfare as Policy

There is no doubt that pressure for new jobs will continue to be strong in the foreseeable future. All the specialized projections and analyses indicate that the labor supply in coming decades will be greater than the possibility for new real, if not fictitious, employment. The natural population growth will annually bring a supply of 210,000 new workers (average). To this is added transfer of able-bodied population from agriculture, which does not create opportunities for any extensive productive employment on that side--because of the present rural overpopulation. We must also reckon with the 800,000 people who are now unemployed and the return of a portion of the population employed abroad temporarily (about 770,000 workers, 100,000 or so of them in countries outside Europe). According to one calculation, if about 300,000 persons are hired annually--appreciably more, that is, than realistic capabilities at the moment--up to the year 2,000, there would still remain about 2 million people looking for work if they have not been taken care of in uneconomical jobs.

Palliative solutions and tranquilizers which postpone the problem in employment policy are no longer possible. Today the principal attention--as witnessed by certain of the most recent "actions"--has been concentrated both on pushing a maximum portion of the army of registered unemployed into organizations of associated labor, to "rebook" them on the lists of personnel of organizations of associated labor and work communities. In future policy must strike deeper, since the problems are also deep-rooted.

7045
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YUGOSLAVIA

BOSNIA-HERCEGOVINA FOREIGN TRADE

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11 Sep 81 p 3

[Article by Marko Mirnic: "Imports Should Be Governed More by Exports"]

[Excerpt] Bosnia-Hercegovina's foreign trade in the first half of this year is characterized by a growth of exports, but also by a growth of imports of goods, which also resulted in a larger trade deficit, up 7.9 percent from the same period of last year. In spite of the favorable trends in the second quarter, then, the republic's economy showed rather unfavorable results in the first 6 months in its visible foreign trade--especially with countries using the convertible manner of payments.

The republic's foreign trade over that period amounted to 48,973 million dinars ($1,793.8 million), or 16.5 percent more than in the first 6 months of last year. Exports amounted to 19,279 million dinars and were up 19.1 percent, and imports 29,694 million, up 15 percent over the first half of last year. Bosnia-Hercegovina's share in Yugoslavia's total foreign trade was 13.4 percent: 14.4 percent of exports and 12.9 percent of imports, which means that it maintained the ratio from last year. Bosnia-Hercegovina has a share of 12.9 percent in Yugoslavia's exports to the convertible area and 10.8 percent of imports from that area, while the figures for the clearing area are 16.4 percent for exports and 19.6 percent for imports.

Unfavorable Once Again With the Industrially Advanced West

Viewed as a whole exports of goods from Bosnia-Hercegovina increased in the first half of the year, but exports to the area with convertible payment showed a disturbing declining trend. Thus of total exports goods worth only 3,951 million dinars ($144.7 million), or only 20.4 percent, went to the advanced countries of the West, which means a drop of 24 percent from the same period of last year. At the same time imports [original reads exports] amounted to 12,863 million dinars, or 43.3 percent of total imports, a rise of 12.7 percent. Within that figure imports of manufacturing materials increased 34 percent and consumer goods 42.3 percent, while imports of equipment dropped 14.8 percent. The unfavorable trade balance with the industrially advanced countries is the consequence of several factors. First of all, the continuing broad dependence on imports of up-to-date equipment and technology from that region, in which we also encounter high protectionism and strong competition. This points up the need to urgently find a way of stimulating exports to the market of the Western countries, but also to the developing countries with which the convertible method of payment is used.

Visible trade with the socialist countries increased 25.5 percent in the first half of the year and reached 47 percent of the republic's total foreign trade. The value of exports (on the rise, especially to countries with the clearing method of payment) amounted to 10,498 million dinars ($384.5 million), which is 46.9 percent more than last year. Largest exports were to the USSR. Imports from those countries amounted to 12,703 million dinars (73.2 percent from the USSR) and were up 12 percent.

The value of visible trade with the developing countries was 8,958 million dinars ($328.1 million), or 18.2 percent of visible foreign trade, which is 29.1 percent more than last year. Exports to this area amounted to 4,830 million dinars, which is an increase of 25.5 percent, and imports 4,128 million dinars, an increase of 33.6 percent. Visible trade with the developing countries is characterized by concentration on a small number of countries: about two-thirds of exports go to Iraq, Libya and Egypt.

Bosnia-Hercegovina's imports grew considerably in the first half of the year--15 percent--and experienced a considerable reduction only in June. In the January-June period the coverage of imports by exports was as follows by regions: 30.7 percent with the advanced countries of the West; 82.6 percent with the socialist countries (86.3 with bilateral payments countries) and 117 percent with the developing countries. It is the general desire to augment exports and reduce imports to a more tolerable measure and put them more at the service of exports.

What Do the Figures of the Major Exporters Indicate

The trade deficit increased 7.9 percent over the same period of last year. The growth of the trade deficit with the convertible area, where it increased 55.4 percent, is disturbing.

[Box insert]

Appreciable Growth of Exports in Cooperation With Libya

Bosnia-Hercegovina's economy has for a number of years had a presence on the Libyan market, where it has been achieving very notable and steadily growing results. For example, last year alone the value of its exports to that country was $72 million, and in 6 months of this year they amount to $40 million, which comprises about 40 percent of total Yugoslav exports to Libya over that time.

The most important business transactions in which organizations from Bosnia-Hercegovina are involved in that country are work on capital investment projects, exports of equipment and materials for construction, exports of furniture, and recently there has also been an increase in exports of certain agricultural products.

Hidrogradnja, Energoinvest of Sarajevo and the Integra family are conducting the largest operations in Libya. The people in the republic economic chamber also emphasize the possibility of larger involvement of agroindustrial combines in Libya, which would be involved in a joint approach with construction contractors and equipment manufacturers, because they have already established themselves as good trading partners in that country.

7045
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SURVEY OF AGRICULTURAL STRUCTURE, PRODUCTION TO 1980

Belgrade GLASNIK POLJOPRIVREDNE PROIZVODNJE, PRERADE I PLASMANA in Serbo-Croatian No 7-8, Jul-Aug 81 pp 7-35

[Article by Dr Dusan Breznik et al.: "Yugoslavia's Agriculture"]

[Excerpts] Yugoslavia is a country considered to have rich water resources (rivers, watersheds, lakes, subsurface water, thermal [original reads "terminal"] springs, storage reservoirs, man-made watercourses, etc.). This abundance is shown by its water balance. The territory of Yugoslavia (with an area of 256,000 square kilometers, an average altitude of 545 meters above sea level, an average annual rainfall of 1,002 mm) can be divided into three separate natural parts: the Pannonian, mountain and coastal regions.

The mountain region occupies 71.4 percent of the area of the country and furnishes 8 [illegible]rcent of all the water flowing out of Yugoslavia. It furnishes 80 percent [illegible]e flow of rivers in the Adriatic watershed, 84 percent of those in the Black [illegible]atershed and the entire flow in the Aegean watershed. Because of the high level of precipitation and reduced evaporation, it has a specific runoff of 17.8 liters per second per square kilometer.

The Pannonian region extends over 23 percent of the territory of Yugoslavia and has an average altitude of 200 meters above sea level. It furnishes 33.2 percent of the flow of rivers in the Black Sea [original reads "Montenegrin"] wa[illegible]ed. The plains area has a low specific runoff of 6.2 liters per second per square kilometer.

The coastal region extends through the Adriatic watershed, including the islands, the coast and the coastal mountains (Ucka, part of Velebit, Kozjak, Dinara, and part of Orjen, Lovcen and Rumija), comprising 5.6 percent of Yugoslavia's area. Because of the markedly caustic character of the area, there exist only minor streams in Istria, on Krk, in Central Dalmatia and in the Montenegrin coastal area.

The abundant water resources are used primarily in the electric power industry, to supply water to industries, cities and settlements, and to a lesser extent for irrigation and other purposes.

The emphasis of water management policy in the period up to now has been on rectifying the water regime in order to protect the land and agricultural production. This is an urgent problem even today. Water erosion affects about 8 million hectares in Yugoslavia, or one-third of the area of the country. About 3.6 million hectares of plowland is threatened because the water regime has not been regulated. About 150,000 hectares of land have been flooded annually in recent years.

Mitigation and elimination of the effect of drought on the level of yields of farm crops and the need to supply necessary amounts of water for plant production are making the problem of water use more and more urgent. This is illustrated by the figures in Table 1.

Table 1. Irrigation in Yugoslavia, in hectares

Area and Method of Irrigation	1957	1959	1969	1979
Area of irrigation				
Total	82,991	89,175	135,205	154,330
Plowland alone	57,780	61,326	105,868	115,567
Irrigation method				
Surface	76,061	81,053	93,011	104,839
Sprinklers	6,830	8,122	42,194	49,491

About 154,000 hectares in Yugoslavia, or 1.5 percent of the cropland, is irrigated, and most of this is plowland. The exceptional opportunity offered by the abundance of water to intensify and augment agricultural production has not been taken advantage of.

The natural conditions exist for building irrigation systems in Yugoslavia to cover about 3.6 million hectares of farmland. Irrigation systems are under construction in SR [Socialist Republic] Macedonia, SAP [Socialist Autonomous Province] Kosovo, SAP Vojvodina and other areas. The large Danube--Tisa--Danube hydrosystem, which has been built in Vojvodina, is supposed to make it possible to irrigate about 350,000 hectares. Farm policy faces the task of making a thorough study and of drafting a program for construction of reclamation systems, including methods for their optimum and economic operation.

The Farm Population and Manpower

Yugoslavia's population has experienced a complete socioeconomic transformation in the period since World War II. The accelerated development of the productive forces has brought about profound changes in the economic composition of the population over a relatively short period of time. The farm population has decreased about 4.2 million, or 40.5 percent, in the period from 1948 to 1980. The share of the farm population in the total population dropped from 67.2 percent in 1948 to about 28.8 percent in 1980.

The transfer of farm population into nonfarm activities has been taking place either through movement into the cities and industrial centers or by people continuing to live on their farms while taking employment in nonfarm activities.

In the 1961-1971 period the average annual transfer of farm population was about 217,000 persons. The transfer of farm population into nonfarm activities took place directly in the previous period, but is now taking place more and more through the training of the young generation. This is indicated by the figures given in Table 2.

Table 2. Total and Farm Population and Labor Force in Yugoslavia in the Period 1931-1980, in thousands

Sector	1931	1948	1953	1961	1971	1980
Total population	14,534	15,842	16,991	18,549	20,523	22,080
Farm population	11,085	10,606	10,316	9,198	7,844	6,364
Percentage	76.3	67.2	60.9	49.6	38.2	28.8
Total labor force	6,970	7,741	7,849	8,340	8,890	9,509
Farm labor force	5,301	5,627	5,360	4,692	4,208	3,418
Percentage	76.1	72.1	68.3	56.3	47.3	35.9

Remark: For 1980 according to the estimate of the Demographic Survey Center of the Institute of Social Sciences in Belgrade; the total and farm population and labor force include, in the light of the definition of permanent population, all Yugoslav citizens (and members of their families) who were employed abroad temporarily.

The number of mixed households [with income from both farming and nonfarm activities--translator's note] in agriculture has been growing steadily, so that they already comprise about two-thirds of the total number of households. According to the 1969 Census there were about 1.42 million gainfully employed persons in farm households who worked off the farm in nonfarm activities. These individuals are given the status "worker-peasants." Worker-peasants have had a considerable impact on demographic processes, but also on the diet, standard of living and way of life in rural areas.

Both the farm population and the farm labor force have been undergoing an intensive aging process. According to the 1971 Population Census, 27.8 percent of the farm labor force is over age 55 and 12.2 percent are over age 65. These groups represent only 4.3 percent and 0.6 percent, respectively, in the nonfarm labor force. Because of changes in the age-specific composition of the farm population, its birth rate is lower than that of the nonfarm population.

Regional differences in the share of the farm population and farm labor force in the total population and total labor force are closely linked to the level of socioeconomic development as well as to natural and other conditions for development of agricultural production. These differences are evident from the figures in Table 3.

The more advanced regions (Slovenia, Croatia, Serbia proper and Vojvodina) have a higher number of persons employed in nonfarm activities, a higher per capita social product and fewer members of the farm labor force per 100 hectares of cropland than the underdeveloped areas (Bosnia-Hercegovina, Montenegro, Macedonia and Kosovo). However, the share of the farm population is somewhat higher in Vojvodina and Serbia proper because of the more favorable natural conditions for development of agricultural production as well as because of the somewhat slower transfer of farm population into nonfarm activities in the underdeveloped opstinas of Serbia proper.

Table 3. Certain Demographic and Economic Indicators in 1980 by Republics and Provinces in Yugoslavia

Region	Farm Population, in thousands	Percentage of Farm Labor Force in Total Labor Force	No of Members of Farm Labor Force Per 100 Hectares of Cropland	Percentage of Farm Population in Total Population
Yugoslavia	3,418	35.9	34.5	28.8
Bosnia-Hercegovina	609	38.6	37.8	29.6
Montenegro	63	30.6	34.1	25.4
Croatia	591	28.5	28.4	22.1
Macedonia	270	36.9	41.4	30.2
Slovenia	119	13.8	18.6	10.3
Serbia	1,761	43.5	37.2	35.5
Serbia proper	1,223	44.6	44.9	34.7
Kosovo	202	48.8	50.5	43.2
Vojvodina	342	38.4	21.1	32.0

The transfer of farm population into nonfarm activities has facilitated a substantial reduction of relative rural overpopulation. The number of members of Yugoslavia's farm population per 100 hectares of cropland dropped from 110 in 1948 to 64 in 1980. Agriculture is still burdened with a surplus of manpower. According to the situation in 1980, it is estimated that total manpower in agriculture is about 3,418,000 persons, of which 161,000 are employed on socialized farms, and about 2,957,000 on private farms, while it is estimated that 300,000 are employed abroad temporarily. Women are assuming ever greater importance in agricultural work.

As the farm population has decreased, agricultural production in Yugoslavia has more than doubled as a result of the process of intensification and social transformation of agriculture. The processes of deagrarianization of rural areas, above all the increase in the number of households whose members are elderly, households without heirs and mixed households, indicate the need for a pooling of labor, land and capital assets between private and socialized farms, for slowing down the process of transfer of farm population into nonfarm activities and for covering private farmers with the system of old-age pensions.

Technical and Technological Factors

The technological revolution is sweeping through Yugoslav agriculture more and more. The introduction of modern technology has been oriented toward those measures which can contribute most to increased yields, output and income:

a) High-yield domestic varieties of wheat have been planted in Yugoslavia and certain countries of Europe. High-yield selections of Yugoslav corn hybrids are planted in Yugoslavia and many countries of Europe and Africa and in the United States. A domestic hybrid sunflower seed is being produced, as are seeds of sugar beets, grape vines and nursery stock and transplants. Large orchards and vineyards have been built up with certified varieties. Major results have been achieved in altering the breed composition of the livestock population, above all by introducing highly productive purebred hogs and cattle and also poultry with improved characteristics.

b) The ratio of technical equipment to the size of the labor force in agriculture has been rising steadily. The introduction of up-to-date equipment has been aimed in two basic directions: toward solving the problem of traction and toward introduction of auxiliary equipment.

The process of the inroads of machines in Yugoslav agriculture is vividly illustrated by tractors. In the 1947-1949 period Yugoslav agriculture was using about 7,200 tractors (one tractor for every 1,289 hectares). In the 1965-1967 period their number was 50,766 (one tractor per 201 hectares), in the 1977-1979 period it had climbed to 341,300 (one tractor for every 29 hectares of cropland). The average growth rate of the number of tractors is 14.16 percent: 14.57 percent, close to the average, in the first period (1947-1965), a more pronounced 19.14 percent in the second period (1966-1967), and again slower at 13.91 percent in recent years (1977-1979), though at present the base is considerably higher. The slowing down of the growth rate of the number of tractors is being made up for by its increased average tractive power.

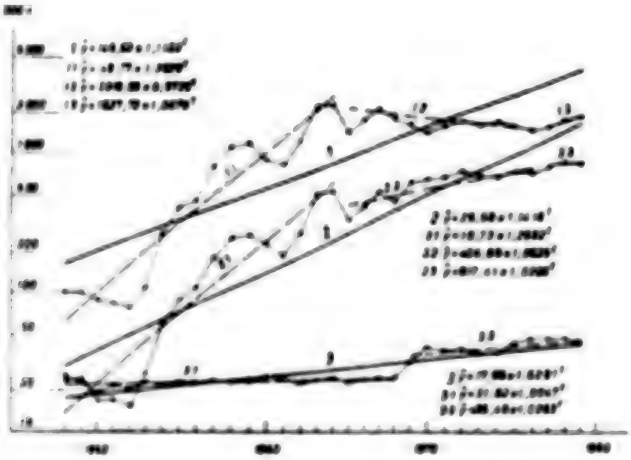
Combines, especially for grain, and trucks began to be used on a large scale in agriculture in 1958. In that year there were 646 combines (one combine for every 15,789 hectares) and 1,632 trucks (one truck for every 6,250 hectares) registered. In the 1965-1967 period the number of combines has risen to 12,042 (growth rate 40.52 percent) and the number of trucks to 3,948 (rate 13.22 percent). In recent years (1977-1979) a drop has been recorded in the number of combines (10,462) and trucks (3,611), while their capacity has grown steadily. Figures on this are given in Table 4.

Table 4. Major Farm Machines and Consumption of Manufactured Fertilizers in Yugoslavia

Item	1948	1959	1969	1979	1980
Tractors					
Total	7,227	26,500	67,732	341,972	385,116
Socialist sector	5,326	21,537	31,642	25,972	21,116
Private sector	1,901	4,963	30,090	316,000	364,000
Combines	--	1,334	11,078	10,741	9,552
Trucks	--	1,636	3,559	3,596	3,539
Total quantity of manufactured fertilizers					
Total, in thousands of tons	74	1,147	1,822	2,203	--
Kg/hectare of cropland	7.8	112.5	179.2	222.1	--

As agricultural production has improved, the process of transition from predominantly animal traction to more efficient mechanical traction has been conducted successfully and effectively. The further rise in the ratio of equipment to labor force must be aimed toward penetrating all the phases of the process of farm product production in all branches of farming as well as toward effective utilization of technology and equipment.

c) The process of chemicalization of Yugoslav agriculture has recorded a very marked overall growth rate. It is accompanied by several important factors (Graph 1: quantity of manufactured fertilizers: total (1), active ingredients (2), concentration (3) or percentage of active ingredient); first, the pronounced growth of the available quantity of manufactured fertilizers (1948/1964) along with the same growth rate of active ingredients, since the concentration has not essentially changed in that period; in the period 1966-1976 there was a mild contraction of the quantity of fertilizers along with a clear trend toward a growth of active ingredients, and finally, in recent years there has been a rise of both the total quantity and the active ingredients they contain. The average composition of the active ingredients of fertilizers N:P:K = 41.01:31.79:27.20 has been changing systematically to the advantage of nitrogen ($y = 29.05 \times 1.0196^t$) and at the expense of phosphorus ($y = 40.99 \times 0.9847^t$) and potassium ($y = 28.84 \times 0.9943^t$). The nitrogen content in active ingredients is close to 50 percent, while the other 50 percent is distributed equally between phosphorus and potassium.



Total consumption of manufactured fertilizers per hectare of cropland increased from 7.8 kg in 1948 to 222 kg in 1979. The use of manufactured fertilizers had a high impact on the growth of yields of field crops. A high correlation coefficient of 0.83 was achieved between finished agricultural output and consumption of manufactured fertilizers. Substantial opportunities for increasing yields and output lie in increasing the consumption of manufactured fertilizers on private farms and in the hilly and mountain farming region.

d) The professional agricultural extension service has shown a steady rise in personnel with senior and junior postsecondary training, and recently there has been a notable share of persons with M.A.'s and Ph.D.'s. The farm extension service helps private farmers in organizing their production and in applying up-to-date technology, especially in the framework of cooperation with the socialized sector. The veterinary service is well developed and possesses 428 veterinary stations, 1,080 veterinary outpatient clinics and other services.

Development of Agricultural Production

Agricultural production more than doubled over the period from 1949 to 1979. An analysis of the growth by branches of farming shows that the largest increase was achieved in livestock raising and the lowest in grape growing (Graph 3). At the higher level of production the growth in the various branches of agricultural production has been slowing down over the past decade as compared to the previous period. The development of plant production has been lagging more in relative terms than the development of livestock production. This is indicated by the figures in Table 5.

Graph 3. Trend of Agricultural Production by Branches of Farming

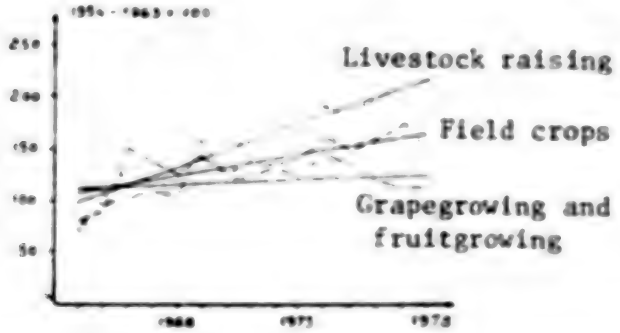


Table 5. Growth Rates of Agricultural Production in Yugoslavia

Period	Agriculture, total	Field Crops	Fruit-growing	Grape-growing	Livestock Raising
1949-1979	2.8	2.3	1.9	1.4	3.8
1949-1959	5.0	4.6	6.7	1.1	4.6
1959-1969	1.4	0.9	2.0	4.6	6.6
1969-1979	2.2	1.4	-2.9	-1.2	2.0
1969-1974	2.9	2.3	-2.0	-6.0	7.0
1974-1979	1.9	1.8	-1.9	5.1	2.2

Note: The minus sign indicates the rate of decrease.

Satisfying the growing needs of society for farm products has put emphasis on higher yields and a more rapid growth of the total volume of production, with less emphasis on changes in the composition of agricultural output. In the average annual distribution of Yugoslavia's finished farm products over the period 1972-1976 the products of plant growing had a share of 45 percent and those of animal husbandry 55 percent. Expansion of intensive production operations, such as industrial crops, the raising of quality livestock breeds, cultivation of large-scale vineyards and orchards, and so on, is a constructive orientation toward improving the composition of agricultural output and toward increasing agriculture's income.

The fluctuation of agricultural output over this past period has been 11-12 percent relative to the development trend. Fluctuation in the volume of agricultural output has been instilling elements of instability in development of the economy, the market and the standard of living of the population.

The past growth and dynamic pattern of agricultural production are the result of the effect of an entire complex of production factors and economic and organizational factors, above all consumption of manufactured fertilizers, of quality materials used in production, of investments, of fixed assets, of prices of farm products, and so on. The interdependent relationships between the development of agricultural production and the factors of production show that large opportunities exist for augmented output by virtue of more optimum utilization of the available physical capability in agriculture.

Field Crop Production

In the postwar period there has been no essential change in the area of agricultural land. One of the essential characteristics of the available land resources is that they are utilized in a rather extensive manner. Meadows and pastures with low productivity comprise about 44 percent of the area of farmland, and perennial plantations only about 4.5 percent of the farmland. Plowland has been experiencing a mild but constant decrease since 1959. Figures on this are presented in Table 6.

Table 6. Distribution of Yugoslav Farmland by Use Categories, in thousands of hectares

Use	1949	1959	1969	1977	1978	1979
Total	13,900	15,000	14,707	14,356	14,364	14,329
Cropland						
Total	9,770	10,200	10,165	9,950	9,939	9,917
Plowland and gardens	7,340	7,660	7,539	7,229	7,204	7,172
Orchards	338	408	442	473	476	478
Vineyards	253	277	256	246	247	246
Meadows	1,840	1,900	1,928	2,002	2,012	2,020
Pastures	4,070	4,710	4,474	4,324	4,342	4,323
Bogs, reed beds and fish ponds	81	65	67	82	8[illegible]	88

There have been significant changes toward more intensive production and stronger production for the market in the pattern of area planted. The area planted to grain increased right up to 1959, when it began to decrease, and this tendency has persisted right up to the present time. It is interesting to mention that this reduction is 32 percent from 1959 and all of 41 percent from 1939. Reduction of the area planted to grain has made it possible to substantially increase the area planted to industrial crops, vegetables and particularly animal feed crops. This is indicated by the figures presented in Table 7.

Table 7. Yugoslav Plowland by Manner of Use, in thousands of hectares

Use	1949	1959	1969	1977	1978	1979
Plowland and gardens	7,340	7,660	7,539	7,229	7,204	7,172
Area planted						
Total	6,660	7,240	7,011	6,612	6,524	6,514
Grain	5,120	5,757	5,157	4,562	4,429	4,363
Industrial crops	489	342	437	488	540	561
Vegetables	478	518	622	667	651	656
Livestock feed	573	627	794	895	904	934
Nurseries	2.3	3.7	2.0	3.2	3.8	5.7
Fallowland and plowland uncultivated	670	424	521	609	570	647

The distribution of field crops shows that corn and wheat are the most important crops. They occupy about 60 percent of the plowland. The area planted to corn has remained at approximately the same level, while the area planted to wheat has been steadily dropping. In 1979 the area planted to wheat was 39 percent smaller than in 1959. The greatest degree of application of modern technology has been achieved in the production of wheat, corn, sugar beets and sunflowers, and that level is considerably lower in the production of vegetables and livestock feed. Figures on this are presented in Table 8.

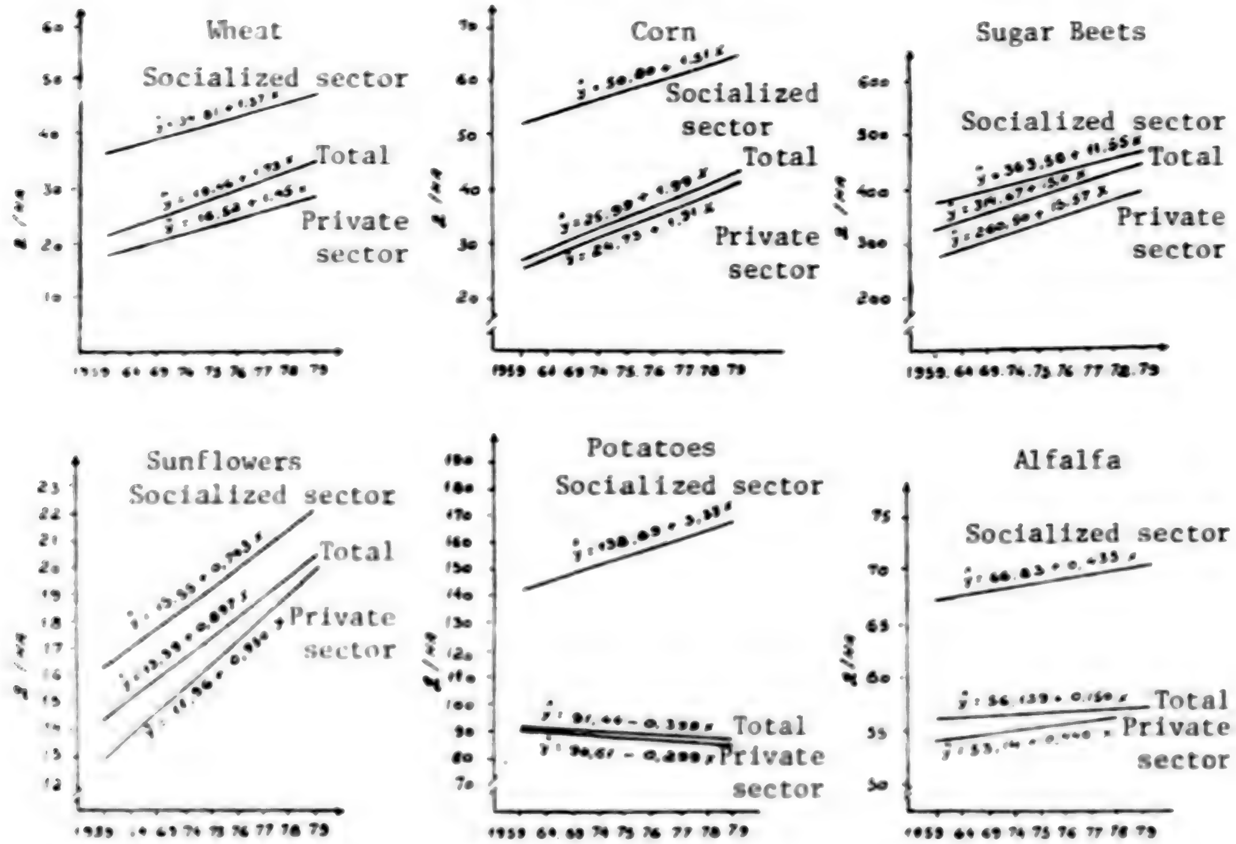
Table 8. Production of Important Crops in Yugoslavia, in thousands of tons

Crop	1957	1967	1977	1979
Wheat	3,100	4,820	5,595	4,512
Corn	5,660	7,200	9,870	10,084
Sugar beets	2,030	3,680	5,287	5,924
Sunflowers	93	250	479	525
Potatoes	3,310	2,800	3,034	2,724
Alfalfa	888	2,083	2,141	2,120
Clover	789	1,083	1,305	1,267
Apples	106	301	381	428
Peaches	23	54	72	66
Grapes	907	1,050	1,217	1,313
Hay--meadow	3,590	3,810	4,265	4,142
Grazing in terms of hay, pastures	2,330	1,930	1,916	1,893

The reduction of the area used as plowland and especially the area planted to grain has not had an adverse effect on the volume of production of field crops. Since 1977 the volume of production has increased 1.5-fold for wheat, 1.8-fold for corn, threefold for sugar beets, 5.6-fold for sunflowers, 2.4-fold for alfalfa, and so on.

The yield per hectare of the leading field crops has increased several times over. The socialized farms are setting the pace in this (see Graph 4).

Graph 4. Yield in Quintals Per Hectare of the Principal Field Crops by Sectors of Production



Though a very important advance has been achieved, primary field crop production has still not stabilized at a level that would meet the growing needs for food, livestock feed and raw materials of agricultural origin.

Fruitgrowing

There are three periods in the postwar development of fruitgrowing.

The first period, up to 1958, is characterized by the recovery and consolidation of orchard areas.

The second period, from 1958 to 1971, recorded the most important changes in fruitgrowing, such as: enlargement of the area of orchards, changes in the assortment and distribution by types of fruit trees, and introduction of up-to-date production technology.

The third period begins in 1971 and is continuing. The principal feature of this period is the endeavor to achieve the highest possible economic efficiency in production. Steps are being taken to reduce production costs and raise yields and labor productivity. This is indicated by the figures in Table 9.

Table 9. Production of the Most Important Types of Fruit in Yugoslavia, in thousands of tons

Type of Fruit	1949	1959	1969	1977	1978	1979
Apples	171	236	483	381	381	428
Pears	64	86	111	112	92	95
Plums	386	1,210	1,292	782	655	517
Sweet cherries	33	61	50	40	42	47
Sour cherries	21	32	36	46	43	64
Peaches	16	32	58	72	63	66
Walnuts	29	34	39	17	18	17
Olives	47	3	7	13	12	13

Fluctuations in production are a consequence of changes in the number of bearing trees and fluctuations that occur in the yields per tree. The largest fluctuations in the yield occur for plums and sour cherries, and the smallest for peaches and sweet cherries.

In the proportional breakdown of fruit production there has been a drop in the production of plums and an increase in the production of apples, pears, peaches, and sour and sweet cherries.

Expansion of fruitgrowing in large orchards, especially apples, and construction of up-to-date cold-storage plants have greatly contributed to advancement of fruitgrowing, improvement of the composition of the crop, and to stability of the market. High yields are being attained in the large orchards of the socialized sector, so that its share in total fruit production is growing more and more.

Grapegrowing

The principal features in development of grapegrowing are the reduced area of vineyards and maintenance of grape production at approximately the same level. The private sector is predominant in the volume of production of grapes, holding about 85 percent of vineyard area. Organizations in the socialized sector have increased the area of their vineyards from 17,000 hectares in 1955 to 37,000 hectares in 1978.

While the area of vineyards has been increasing in the socialized sector, it has been decreasing on private farms, which is a consequence of the migration of able-bodied persons from rural areas who do not have the means of carrying on the conventional farming operation, in which live labor is dominant, and of substitution by the modern method of production in large vineyards, where greater use is made of machines. The figures in Table 10 show the increased capacity of vineyards and the growth in the production of grapes.

In the distribution of varieties, which is very diverse, wine varieties are predominant, but quality varieties of table grapes are being grown more and more. A small portion of the grape harvest is used for consumption in the fresh state, but the major portion is processed into wine. About 620,000 tons of high-quality wine is produced annually, half of it in socialized vineyards and half of it in private vineyards.

Table 10. Vineyard Capacity and Grape Production in Yugoslavia

	1949	1959	1969	1977	1978	1979
Area, in thousands of hectares	253	277	255	246	247	246
Vines, in millions						
Total	1,510	1,860	1,672	1,500	1,502	1,475
Bearing	1,370	1,680	1,567	1,399	1,392	1,362
Grape production, in thousands of tons	854	954	1,499	1,217	1,080	1,313
Yield per vine, in kg	0.6	0.6	1.0	0.9	0.8	1.0

While the area of vineyards has experienced a slight decrease, there has been a reorientation in grapegrowing toward production in large vineyards, which guarantees more efficient use of land and attainment of higher production and economic performance, and the orientation is toward production for the market. The grapegrowing in large vineyards by organizations in the socialized sector achieved yields which are fourfold greater per vine than the production of grapes on the farms of private producers.

Livestock Production

Livestock production tends to display a more uniform trend than plant growing. The fluctuation of livestock production amounts to 5-6 percent of the development trend, and is mostly a consequence of fluctuation in hog raising. Animal husbandry has been making an essential contribution to intensification of agriculture as a whole and to improvement of the structure of agricultural output.

Livestock raising has achieved a notable growth of production. The average annual growth rate of output was 3.8 percent over the period from 1949 to 1979. (See the figures in Table 11.)

Production in the raising of cattle [dairy and beef combined--translator's note] has grown at an average annual rate of 3.2 percent. Beef production has been increasing considerably faster than milk production. The growth of production in cattle raising has been more the result of higher productivity per head than of an increase in the number of cattle.

The weight gain of hogs has been increasing at an average annual rate of 2.6 percent. Pork production has increased because of higher weight gain per hog and especially because of the increase in the number of hogs. The figures on this are given in Table 12.

Poultry raising has achieved the highest growth of production, at an average annual rate of 6.7 percent. The increase in the production of poultry meat is the result of the large increase in the number of poultry and the industrial method of production. The increase in egg production was achieved by increasing the number of laying hens and by raising productivity.

Table 11. Trend of the Livestock Population (as of 15 January) in Yugoslavia, in thousands of head

Type of Livestock	1950	1959	1969	1977	1978	1979
Cattle						
Total	5,248	5,038	5,261	5,641	5,542	5,491
Cows	2,340	2,495	2,865	3,227	3,184	3,134
Hogs						
Total	4,295	5,657	5,093	7,326	8,452	7,747
Sows	656	900	930	1,261	1,406	1,281
Sheep						
Total	10,046	11,249	9,730	7,484	7,514	7,339
Breeding ewes	7,231	7,726	7,197	5,577	5,513	5,396
Poultry	20,207	27,721	37,142	59,031	60,398	61,513
Horses	1,097	1,274	1,109	812	759	701

Table 12. Trend of Production in Terms of Liveweight Gain in Yugoslavia, in thousands of tons

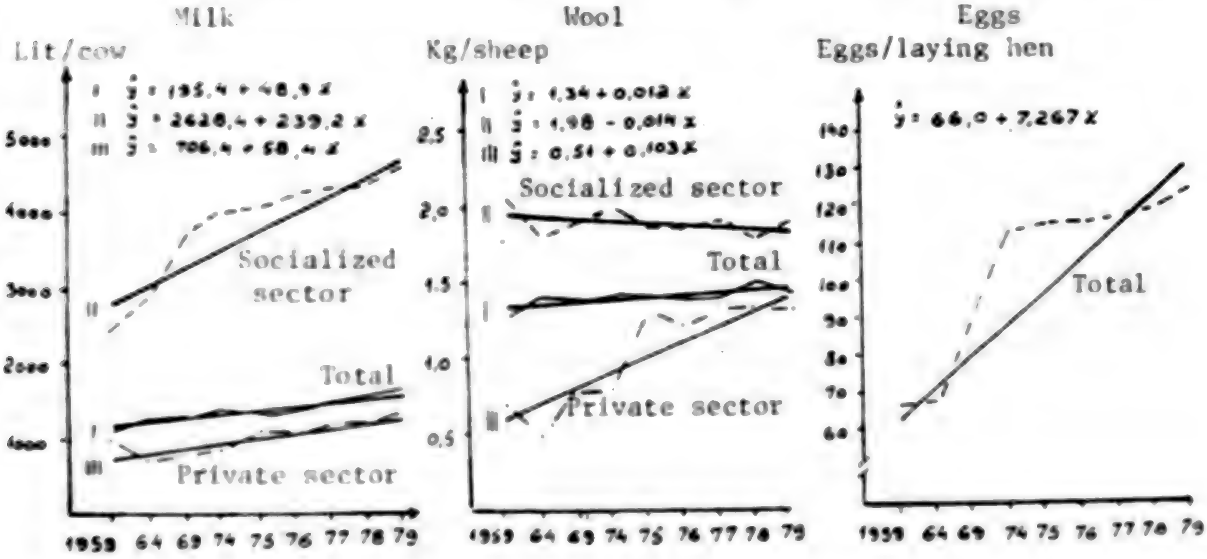
Type of Livestock	1951	1956	1966	1976	1977	1978	1979
Cattle							
Total	189	216	477	637	660	664	670
Percentage of socialized sector	17.2	18.8	17.7	25.6	17.1	18.5	19.1
Hogs							
Total	332	388	614	871	930	1,021	983
Percentage of socialized sector	11.9	12.6	17.1	22.4	20.4	23.9	21.2
Sheep							
Total	99	84	115	114	121	118	115
Percentage of socialized sector	4.2	4.0	3.7	3.2	3.0	3.5	3.4
Poultry							
Total	53	80	119	280	307	337	355
Percentage of socialized sector	16.7	18.2	24.1	32.9	36.1	38.2	39.3

The low production of mutton is the consequence of a drop in the total number of sheep and low productivity. Wool production is showing a degressive trend. The attitude toward sheep raising must undergo a basic change. There is every economic justification for advancement of sheep raising in view of the large growth of demand for the products of sheep raising and the more efficient use of extensive grassy areas in the hilly and mountain region. The figures in Table 13 reflect the production of these products.

Table 13. Production of Milk, Wool and Eggs in Yugoslavia

	Cow's Milk		Wool		Eggs	
Year	Total, in millions of liters	Percentage of Socialized Sector	Total, in tons	Percentage of Socialized Sector	Total, in millions of eggs	Percentage of Socialized Sector
1951	1,400	5.1	15,532	...	850	...
1956	1,801	4.7	14,916	3.9	1,447	0.5
1966	2,615	15.5	13,456	5.9	1,996	18.3
1976	3,730	8.7	9,896	4.1	3,825	26.7
1977	3,950	8.6	9,657	4.2	4,041	28.6
1978	4,008	8.7	10,220	4.1	4,062	30.0
1979	4,157	8.4	9,992	4.3	4,265	31.8

Production Characteristics of Livestock by Sectors of Production



The socialized sector has a low representation in the livestock population and in total livestock production. The tendency in that direction has not undergone essential change over the last 25 years. In Yugoslavia the socialized sector of agriculture has a share of only 11.8 percent in the total livestock population based on the standard 500-kg animal: that is, 8.9 percent of the total number of cattle, 18.4 percent of the hogs, 3.3 percent of the sheep and 37.2 percent of the poultry.

Advancement of livestock raising in Yugoslavia is the result of application of an entire system of up-to-date technical, technological and zootechnical measures. The livestock population and the productivity of livestock have had the greatest impact on the growth of livestock production. The livestock population shows a steady tendency to increase. The average production characteristics of livestock have increased significantly, especially on socialized farms (see the graph).

Improved makeup of herds, a higher degree of insemination of livestock and reduced livestock mortality have contributed to improvement of livestock raising and to the growth of livestock production. The production potential in Yugoslavia's animal husbandry is not being adequately utilized. Every year more than 5 million suckling pigs are slaughtered at an average weight under 10 kg, and then more than a million calves weighing about 100 kg. Livestock feed resources have not been adequately developed or brought into line with the requirements of optimum utilization of the livestock population and intensification of livestock production. The economic status of livestock raising is unfavorable, which is hampering the development and advancement of livestock production.

Participants in Advancement and Development of Agriculture

Table 14. Structure of Yugoslav Agriculture

	Agricultural Organizations		Private Farms	
	1957	1979	1957	1979
Index numbers of the volume of agricultural production, 1955 = 100	145	937	119	152
Cropland in thousands of hectares	828	1,593	9,380	8,324
Average size of the landholding, in hectares	415	885	4.69	3.9
Share in total agriculture, in percentage				
In cropland	8	16	92	84
In the livestock population--standard animals	5	12	95	88
In mechanical traction	88	20	12	80
In manufactured fertilizer production	56	36	44	64
In the social product	9	27	91	73
In production for the market	24	46	76	54

1. Socialized Farms

In the 1950-1980 period the production capabilities of socialized farms increased considerably. In 1957 socialized farms had about 827,000 hectares of land, or 8 percent of the total cropland, while in 1979 they had about 1,593,000 hectares, or 16 percent. The growth of productive capability is the result of major investments in machines and equipment, in livestock, in large orchards and vineyards, and in construction of processing and sales facilities (see the figures in Table 15).

The socialized farms have achieved a high growth rate and level of production. Application of scientific advances and modern technology have reached a high level.

The production policy of socialized farms has been based on field crop production, which has attained a favorable profitability and has found a market. The development of livestock production has progressed more slowly in relative terms than field crop production. This is indicated by the figures presented in Table 16.

Table 15. General Survey of the Development of Agricultural Organizations in Yugoslavia (1972 prices)

	1959	1969	1974	1977	1978	1979
Social product in millions of dinars	4,186	8,445	11,387	12,745	12,770	13,567
Labor force in thousands	237	162	168	179	183	188
Capital assets						
Total, in millions of dinars	6,296	23,111	31,250	37,903	40,325	...
Per hectare of cropland, in dinars	6,904	15,753	20,711	24,296	25,522	...
Capital investments						
Total, in millions of dinars	3,747	2,097	3,252	3,055	3,612	...
Per hectare of cropland, in dinars	4,109	1,426	2,155	1,958	2,286	...

Table 16. Production of Important Agricultural Products on Socialized Farms in Yugoslavia

Product	1957	1967	1977	1979
Wheat, thousands of tons	3,070	1,524	2,258	1,642
Corn, thousands of tons	587	1,270	1,537	1,673
Sugar beets, thousands of tons	551	2,100	3,698	4,486
Sunflowers, thousands of tons	14	155	243	274
Potatoes, thousands of tons	89	88	50	35
Apples, thousands of tons	6	52	210	214*
Peaches, thousands of tons	3	19	29	22*
Grapes, thousands of tons	44	143	256	282*
Total weight gain of livestock and poultry, thousands of tons	...	247	429	491*
Fresh milk, millions of liters	111	392	341	351
Eggs, millions	9	203	1,157	1,218*

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* 1978.

The socialized farms are playing an ever more significant role in the production of field crops and a less significant role in the production of livestock products. Their share has increased from 9.9 percent to 36.5 percent for wheat, from 10.4 percent to 16.6 percent for corn, from 27.1 percent to 75.5 percent for sugar beets, from 5.6 percent to 50.0 percent for apples, from 7.9 percent to 23.2 percent for meat, from 5.6 percent to 8.4 percent for milk, from 0.6 percent to 28.5 percent for eggs, and so on. (Table 17 gives more detailed figures on this.)

Table 17. Average Yields of Crops and Livestock Products on Socialized Farms in Yugoslavia

Product	1949	1957	1977	1979
Wheat, kg/hectare	1,470	2,310	4,850	4,110
Corn, kg/hectare	1,880	3,840	6,380	6,790
Sugar beets, kg/hectare	12,200	28,600	45,400	44,200
Sunflowers, kg/hectare	1,080	1,350	2,380	2,170
Apples, kg/tree	21.0*	13.0	39.4	35.5
Peaches, kg/tree	9.1*	12.8	14.6	12.5
Grapes, kg/vine	0.6*	0.6	3.0	3.0
Liveweight gain per standard animal, kg	145**	199	728	796
Milk per cow, liters	1,865**	2,297	4,277	4,547
Eggs per hen	85**	111	216	210

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* 1951.

** 1954.

Greater progress has been achieved in the yields of plant crops than livestock products. The yields of plant crops have attained the level of yields of the advanced countries. All the conditions indispensable to industrialization of livestock production have not yet come about on the socialized farms.

The share of the socialized sector in purchases of farm products has been increasing, but it varies from product to product. The socialized sector's share has reached about 60-70 percent of wheat purchases, about 70 percent for sugar beets, about 80-90 percent for poultry, about 55 percent for sunflowers, about 50-60 percent for corn, about 40 percent for lean hogs, and so on.

Labor productivity has been rising steadily on the socialized farms. The 1960/1962 average output per hour of direct human labor was 43 kg of wheat, 12 kg of corn, 45 kg of sugar beets, and 12 kg of sunflowers; the 1976/1978 average was 209 kg of wheat, 116 kg of corn, 268 kg of sugar beets and 49 kg of sunflowers. Favorable results were also achieved in milk and meat production. The expenditure of direct live labor in 1966 was 6.49 hours per hectoliter of milk, while in 1978 it was only 3.70 hours; production of 1 kg of weight gain of baby beef was 7.22 hours and 2.32 hours, respectively, and production of 1 kg of weight gain of hogs was 3.76 hours and 1.46 hours, respectively.

The social product of the socialized sector of agriculture has been increasing considerably: from 4,186 million dinars in 1959 to 13,567 million dinars in 1979. The socialized sector's share in the social product of agriculture increased from 13 percent to 27 percent. The growth of production has not been accompanied by satisfactory economic results. The socialized sector's unfavorable economic position is the consequence not only of the structure and pattern of use of the technical makeup of capital, but also of other climatic, organizational and economic factors.

Investments on socialized farms have stayed more or less at the same level, which is creating serious limitations in the development and advancement of agricultural production, especially in the domains of livestock production and land purchases. The further growth of the organic composition of capital depends functionally on the economic status and accumulation of the socialized sector of agriculture.

Socialized farms have a heavy burden of manpower, which is seriously diminishing the economic results. As the organic composition of capital increases, a relative decline in the share of manpower in the production process must be expected, so that there will be new surpluses of manpower. The problem of surpluses of manpower must be resolved by developing complementary business and service activities.

Socialized agriculture is becoming an increasingly capital-intensive production. The development of socialized farms is characterized by a tendency toward consolidation and concentration of capital. The average size of the landholding of socialized farms has increased from 415 hectares to 885 hectares of farmland, while the value of capital assets per hectare of cropland has increased 3.7-fold.

Aside from cooperatives and socialized farms, agroindustrial combines have a particular place in development of the socialized sector. These combines encompass the production, processing and sale of farm products. The combines vary quite a bit in their level of development, and they can be classified as follows: a) the smaller combines with about 10,000 hectares of land, small processing facilities and a less developed volume of sales of agricultural products; b) the medium-sized combines with between 10,000 and 30,000 hectares of land, advanced processing facilities and considerable sales of farm products, and c) large combines with more than 30,000 hectares of land and highly developed processing and highly organized sale of raw and processed foods. Exceptions to this are combines with advanced greenhouse production, grape- and fruitgrowing, egg production, broiler production, and so on. Combines are developing within large tourist organizations, and they are adapting their production, processing and sales to the needs of the tourist industry.

2. Private Farms

The principal method of developing production and income of the private sector in agriculture is to socialize production by involving private farmers in the social process of labor as equal participants, which is being done through cooperation between private farmers and the socialized sector, without abolishing private ownership of the land. This kind of cooperation ensures the farmers improvement of the resources they possess and ever more efficient utilization of those resources in the interest of their own advancement and social progress, as well as ever broader participation of private farmers in making decisions on matters of common interest at all levels of organization.

The Production, Economic and Social Characteristics of Private Farms

The reproduction of capitalistic relations in agriculture was prevented by the limitation placed on the size of the private landholding, which was done first by the Law on the Agrarian Reform in 1945 and then by the Law on Farmland in 1953. Under the latter law the size of the landholding of the private farm was limited to 10 hectares of cropland. The 1974 Constitution offered the possibility that republic and provincial laws might entitle farmers in the hilly and mountain region to possess more than 10 hectares of cropland.

According to the 1960 Agricultural Census, 35 percent of all farms had a landholding under 2 hectares, 36.3 percent between 2 and 5 hectares, and 21.5 percent between 5 and 10 hectares, while only 7.2 percent of the farms possessed more than 10 hectares.

The average farm has a total landholding of 4.24 hectares and 2.77 hectares of cropland. The changes that have occurred in subsequent years indicate that landholdings have continued to become smaller. The figures on this are to be found in Table 18. While there has been a drop of 0.8 percent in the number of farms with land (relative to 1960), in 1969 there were more farms with a smaller landholding (all of 30.2 percent for farms with less than 2 hectares). The average landholding of the private farm has dropped to 3.9 hectares. This process of fragmentation has continued up until the present time.

Intensive deagrarianization has been accompanied by changes in the social and economic composition of the farms in the direction of a reduced number of pure farm households and an increase in the number of mixed and nonfarm households, aging of the farm population, feminization of the farm labor force, depopulation of a portion of rural settlements, and so on. In the private sector of agriculture mixed households were dominant in 1979, since they comprised about two-thirds of the total number of private farms. The average age of the farm labor force, on the basis of the 1971 Population Census, was 40.3 years, and it could be noted even in the 1969 Agricultural Census that more than 47 percent of people running private farms were over 55 years of age. Only a small number of the farms run by a person over 50 years of age have a potential male heir active in farming. A large number of private farms can be classified as farms belonging to the elderly.

The process of deagrarianization has also had many favorable effects. By comparison with the situation before the war, when a majority of rural houses had clay floors, earth or wooden walls, and no electricity, and the villages lacked health care and other services, major changes have taken place as the income of the farm population has risen: a) the housing standards in rural areas have come much closer to the standard in cities with respect to the size and quality of housing; b) a large number of modern new dwellings have been built in rural areas; c) about 35 percent of rural dwellings are entirely furnished with furniture manufactured by industry; d) about 93 percent of farm households have electricity; e) more than 50 percent of all farm households have television sets, more than 60 percent refrigerators, more than 30 percent washing machines, and so on; f) about 17 percent of farm households have an automobile; g) about 18 percent of farm households possess a tractor; h) educational and cultural activity has been expanding very rapidly. Compulsory 8-year schooling of rural young people has been introduced. More than 4,000 public libraries with holdings of more than 4 million books are located in rural areas; i) rural settlements have been connected to main highways and regional centers, and farm roads are now being built to facilitate access to land and holdings. Figures on development of private farms in Yugoslavia are given in Table 19.

Table 18. Distribution of Private Farms in Yugoslavia With Respect to the Size of the Landholding

Year	Total No of Farms	Breakdown		Less Than 2 Ha	2-5 Ha	5-8 Ha	Over 8 Ha
		Farm	Mixed				
				Farms, in thousands			
1960	2,618	1,533	874	916	951	422	329
1969	2,600	1,404	987	1,013	926	384	276
				Distribution, %			
1960	100	58.6	33.4	35.0	36.3	16.1	12.6
1969	100	54.0	38.0	39.0	35.6	14.8	10.6
				Total Area, in thousands of hectares			
1960	11,108	--	--	894	3,190	2,659	4,365
1969	10,096	--	--	984	3,122	2,438	3,552
				Distribution, %			
1960	100	--	--	8.1	28.7	23.9	39.3
1969	100	--	--	9.8	30.9	24.1	35.2

Table 19. Indicators of the Development of Private Farms in Yugoslavia (1972 prices)

	1959	1969	1974	1977	1978	1979
Social product, in millions of dinars	31,506	32,778	35,239	38,333	35,443	37,385
Investments, in millions of dinars	1,317	1,548	3,209	3,317	3,771	--
Tractors, number of units	5,022	35,046	170,000	271,000	316,000	360,000
Number of livestock, in thousands of standard animals	4,393	4,609	5,290	5,046	4,884	4,792
Cropland, in thousands	9,340	8,698	8,498	8,390	8,359	8,324
Share in purchases of farm products, in percentage	68	53	54	53	54	54

The total cropland of private farms dropped about 1 million hectares between 1959 and 1979, or about 11 percent, so that this sector's present share in the country's total cropland is about 84 percent.

With respect to all other resources the private sector has become stronger. The livestock population on private farms increased about 20 percent between 1955 and 1979, along with a considerable improvement in the distribution by breeds, and constitutes 88 percent of the country's total livestock population.

The supply of machines has improved. The number of tractors in the private sector has increased from 3,000 in 1955 to about 360,000 in 1979 (average tractive power 25-30 horsepower). There are 23 hectares of cropland per tractor.

The share of the private sector in the social product of agriculture was about 73 percent in 1979, and its share in purchases of farm products (production for the market) is about 54 percent. Total production in the private sector increased 52 percent between 1955 and 1979. This can be seen from Table 20.

Table 20. Production of Important Farm Products on Private Farms in Yugoslavia

Product	1957	1967	1977	1979
Wheat, thousands of tons	2,790	3,290	3,337	2,870
Corn, thousands of tons	5,070	5,930	8,328	8,411
Sugar beets, thousands of tons	1,480	1,580	1,590	1,438
Sunflowers, thousands of tons	79	94	236	251
Potatoes, thousands of tons	3,224	2,713	2,982	2,689
Apples, thousands of tons	100	249	170	167*
Peaches, thousands of tons	20	35	43	41*
Grapes, thousands of tons	863	906	961	798*
Total weight gain of livestock and poultry, thousands of tons	...	1,169	1,649	1,649*
Milk, millions of liters	1,983	2,137	3,609	3,805
Eggs, millions	1,450	1,923	2,884	2,843*

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* 1978.

The production policy of private farms has been directed toward more rapid development of livestock raising, which has developed into a basic branch of agricultural production. Livestock raising has a share of 56.8 percent in the cash income of rural households from farming. Livestock production has a share of 55 percent in private agriculture's output of finished products. Private farms have achieved a substantial increase in the production of the most important field crops, fruit and grapes. However, the share of private farms has dropped from 90.1 percent to 63.5 percent for wheat, from 89.6 percent to 83.4 percent for corn, from 72.9 percent to 24.5 percent for sugar beets, from 92.1 percent to 76.8 percent for meat, from 99.4 percent to 71.5 percent for eggs, and so on. More on this can be seen in the figures presented in Table 21.

Table 21. Average Yields of Plant Crops and Livestock Products on Private Farms in Yugoslavia

Product	1949	1957	1977	1979
Wheat, kg/hectare	1,400	1,520	2,930	2,550
Corn, kg/hectare	1,630	2,080	4,000	4,190
Sugar beets, kg/hectare	12,300	23,400	38,800	37,300
Weight gain per standard animal, kg	208*	213	327	336
Milk, liters per cow	1,093*	1,096	1,347	1,451
Eggs, number per hen	54*	60	98	101

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* 1954.

In spite of the evident progress, average yields achieved in the private sector are lagging behind the achievements of the socialized sector. The lagging of the yield shows that great potential exists for utilizing the potential of the private sector and considerable differences exist from region to region in the level of modernization of production on private farms, and the lag is particularly great in the hilly and mountain region.

The process of deagrarianization has been bringing about profound changes in the economic and social composition of private farms. The number of members of rural households working off the farm has been increasing, and a new category has been taking shape in rural areas--the worker-peasant. Major changes are taking place in the distribution of the net income of rural households in that there is a very rapid increase in the share of cash in net income--70.5 percent, while the share of consumption in kind is dropping--29.5 percent. The share of nonfarm income in the distribution of net income has risen to 46.3 percent, and the income from farming has dropped to 53.7 percent. The changes are more considerable in the distribution of the cash income of rural households in that cash income from farming has a share of only 39.8 percent, while nonfarm income has a share of 60.2 percent.

The trend of gross investments in farming shows a stronger orientation of private farmers toward development and advancement of agricultural production. The investments of private farms have increased from 1,317 million in 1959 to 3,771 million dinars in 1979, or 2.9-fold. Investments of private farms per hectare of cropland are small, since they amount to only 451 dinars. In the breakdown of cash outlays of rural households outlays for farming and incidental activities have a share of only 36.8 percent, while outlays for the household represents 63.2 percent. In 1978 the average outlay per household surveyed was only 25,118 dinars for investments in farming and incidental activities. The small investments are one of the reasons for the inadequate rate of intensification of agricultural production on private farms.

Organizational Forms of Cooperation Between the Private and Socialized Sectors

The most recent phase begins in the mid-seventies with adoption of the new constitution and the Law on Associated Labor. The basic feature of this stage is the orientation toward consistent implementation of the proposition that farmers are to be given maximum possible affirmation as makers of agricultural policy. Their status in agricultural cooperatives and basic and work organizations of cooperators has been regulated more precisely in legislation. Internal relations in those organizations are so structured that they are becoming in every sense organizations of the farmers who are members of them or organizations of the farmers and the workers carrying on mutual cooperation on a lasting basis. The land, labor and resources of private farmers are being pooled and lasting cooperation is being established while private property is maintained and the farmers are left full freedom of choice, depending on their interest in improving production, increasing income and creating conditions for greater social security and so on. Today there are about 300,000 associated farmers and more than 1.2 million cooperators. The associated farmers are gradually developing the relations of joint realization and distribution of income, joint production planning, joint cultivation of the land, joint purchase and use of machines, and so on, while through their organizations they are also establishing lasting collaborative relations with the processing organizations and organizations in the distribution sphere to which they deliver their products.

The development of production in the private sector, especially that part of it which is carried on through various forms of cooperation and association, has been supported over the entire period up to now by various economic policy measures. At the outset this applied above all to rebates on the prices of various types of materials and supplies, the granting of premiums on particular products, and the credit financing of current investments in production. Since the mid-seventies greater emphasis has been put on committing bank credits to investments on private farms. Credits are granted for these purposes at a lower rate of interest thanks to compensation which is furnished from public funds. Economic policy measures have for all practical purposes put socially organized production with the private sector on a par with production in the socialized sector. The private farms have a considerably smaller load with respect to the money they are required to set aside for public purposes.

Considerable progress has been made in creating conditions for improvement of the social security of private farmers by providing medical, old-age and disability insurance. The scope of those rights of private farmers is not the same throughout the country, but is established by republic and provincial laws. Funds for medical and old-age insurance are formed in part through the payments of the private farmers themselves and in part through subsidies from public funds. Private farmers may also obtain old-age insurance by relinquishing their land to organizations of associated labor.

3. Regional Development of Agriculture

Regionalization of agricultural production in Yugoslavia has up to now been based primarily on determination of homogeneous areas, and the principal criteria were natural conditions and the manner of land use. It is on that basis that today's agricultural regionalization of Yugoslavia, which is by and large preliminary and in effect temporarily, is based. In accordance with that regionalization, Yugoslavia's entire area is divided into five agricultural regions as follows: 1) the plains and grain-growing region; 2) the hilly region--fruit- and grapegrowing and livestock raising; 3) the mountain region--pasture livestock raising, 4) the Adriatic region--grape- and fruitgrowing, and 5) the Vardar region--subtropical crops. In certain republics and provinces a regionalization has been made based on different criteria. The figures in Table 22 indicate the regional characteristics of the development of agriculture in Yugoslavia.

Table 22. Regional Characteristics of the Development of Agriculture in Yugoslavia

Region	Average Annual Growth Rates of Social Product of Agriculture, 1957-1979	Distribution (1978-1979 average), %: Social Product of Agriculture	Distribution (1978-1979 average), %: Social Product of Socialized Sector of Agriculture*
Yugoslavia	2.2	100.0	100.0
Bosnia-Hercegovina	2.0	11.2	5.7
Montenegro	1.9	1.6	0.7
Croatia	1.8	23.4	23.2
Macedonia	2.1	6.8	8.5
Slovenia	2.2	7.9	9.0
Serbia	2.5	49.1	52.9
Serbia proper	1.9	26.1	12.8
Kosovo	2.0	3.0	2.2
Vojvodina	3.5	20.0	37.9

Region	Distribution (1978-1979 average), %: Total Purchases of Farm Products	Distribution (1978-1979 average), %: Cropland	Distribution (1978-1979 average), %: Total Livestock Population (standard 500-kg animal)*	Social Product Per Hectare of Cropland, dinars
Yugoslavia	100.0	100.0	100.0	4,994
Bosnia-Hercegovina	6.8	16.2	12.2	3,470
Montenegro	0.7	1.9	2.3	4,168
Croatia	22.4	21.0	19.3	5,558
Macedonia	8.9	6.5	6.5	5,222
Slovenia	9.7	6.5	7.9	6,070
Serbia	51.5	47.9	41.8	5,116
Serbia proper	17.9	27.5	31.0	4,738
Kosovo	1.7	4.0	5.8	3,793
Vojvodina	31.9	16.4	15.0	6,098

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* 1977-1978.

The average annual growth rates of agricultural production have ranged from 1.8 percent to 3.5 percent from region to region, that is, from one republic or province to another. The intensity of agricultural production stands in the ratio 1:2 from the lowest to the highest region. The value of the social product per hectare of cropland is 6,098 in Vojvodina, 3,470 in Bosnia-Hercegovina and 3,703 dinars in Kosovo. The average annual gross public investments per hectare of cropland varies considerably from region to region.

The plains region of agriculture, with about 16 percent of the total farmland, yields the largest portion of output for the market and comprises Yugoslavia's granary, since its share is 40 percent in total wheat production and 50 percent in corn production. Most of the socialized sector of agriculture is located in that region.

The hilly agricultural region, with about 30 percent of the total farmland, is especially important in growing fruit and grapes and also in the production of field crops. Private farms are dominant in this region.

The mountain agricultural region is the most extensive, but the most underdeveloped from the economic standpoint. Extensive raising of livestock on pasture predominates. The private sector is dominant, while the socialized sector of agriculture is undeveloped.

The Adriatic agricultural region covers the Adriatic coastal zone, which has about 10 percent of the total farmland. Small-scale private farming is dominant. The mild climate makes it possible to produce quality wines, olives, fruit, citrus fruit, as well as vegetables and flowers in the open and in greenhouses.

The Vardar agricultural region is small in area, but it is subject to the influence of the Mediterranean climate. The private sector predominates. The favorable climate and the use of irrigation make it possible to grow rice and cotton as well as vegetables, fruit and grapes.

Differences in development of agricultural production from one republic or province to another should be sought first of all in the differing activity of the factors of production, in the pronounced specific regional characteristics, in the character of investment policy and the volume of investments, in the level of development of the socialized sector and in the organizational, institutional and economic conditions for the conduct of economic activity.

The regional development of agriculture especially points up the need to study current problems, such as defining agricultural regions, establishing production capability, the production orientation and optimum geographic location of production, the technical-technological and socioeconomic conditions for development of production and long-range programs for development of agriculture by agricultural regions.

4. The Market Orientation of Agricultural Production

The growing demand for food, the absolute decrease of the farm population, advancement of agricultural production and sales opportunities on the market have facilitated significant qualitative changes in the structure of agricultural production. These changes reflect the process of agriculture's transformation from subsistence to commodity production. Table 23 gives figures on purchases of farm products in Yugoslavia.

Table 23. Purchases of Farm Products in Yugoslavia, in thousands of tons

Product	1957	1967	1977	1979	Index 1957=100	Growth Rate
Wheat	536	1,808	2,706	1,682	314	5.3
Corn	284	1,351	1,714	1,597	562	8.2
Sugar beets	1,769	3,243	4,670	4,929	279	4.7
Sunflowers	61	193	383	420	688	9.2
Miscellaneous fresh vegetables	105	139	336	316	301	5.1
Grapes	77	143	290	311	404	6.5
Apples	38	45	176	160	421	6.8
Hogs	97	238	428	448	462	7.2
Beef cattle	194	429	469	488	251	4.3
Eggs (millions)	359	269	891	833	232	3.9
Milk (millions of liters)	186	531	1,214	1,303	700	9.3

Table 24. Changes in the Market Orientation of the Important Farm Products by Types of Farms in Yugoslavia, in percentage

	1959			1978		
Product	Total	Socialized Farms	Private Farms	Total	Socialized Farms	Private Farms
Wheat	24.1	66.4	14.7	45.6	71.9	29.8
Corn	8.6	34.0	4.6	17.7	52.0	11.5
Grapes	13.9	34.2	12.1	29.4	48.2	22.7
Beef cattle	80.4	75.0	[illegible]	72.0	88.6	68.2
Hogs	39.8	100.0	33.6	52.1	80.1	43.7
Milk	12.3	62.7	7.3	32.3	89.1	26.9

In the proportional breakdown of the gross social product of Yugoslavia's agriculture the share of the total market surplus has increased from 34 percent in the first decade after the war to about 48 percent in recent years. The volume of agricultural production for the market has more than doubled. The share of production for the market varies depending on the agricultural product concerned. Purchases of important farm products have been increasing at average annual growth rates between 4 percent and 9 percent, so that they have increased between twofold and sevenfold (see on this the figures in Table 24).

Socialized farms, as typical large-scale producers for the market, have made the major contribution to development of commodity production in agriculture. The share of the socialized farms in total purchases of farm products rose from 24 percent in 1957 to 46 percent in 1979. In the 1956-1958 period the socialized farms produced 26 percent more output for the market in value terms per hectare of cropland than the private farms, and in the 1977-1979 period this difference was nearly fourfold as great.

The differences between the two sectors of agriculture are manifested in the makeup of production for the market. The products of plant growing are represented as follows: 48 percent from socialized farms and 33 percent of the purchases come from private farms. With respect to animal husbandry the share of the socialized sector in production for the market is 41 percent and that of private farms is 60 percent.

The increased volume and improved economic composition of the market surplus signifies ever broader orientation toward production of high-quality farm products, especially the products of animal husbandry, fruit, vegetables, grapes, industrial crops, and so on.

5. Agriculture's Productivity

The productivity of Yugoslavia's agriculture has been rising steadily. Labor productivity in agricultural production has quadrupled over the last three decades. It has risen 5.4-fold on socialized farms and 3.9-fold on private farms. In the eighties 10 members of the farm labor force managed to feed 54 inhabitants with their labor, whereas in the fifties they fed only 25 inhabitants. See figures on this in Table 25.

Table 25. Productivity of Yugoslavia's Agriculture (1972 prices)

	Social Product Per Member of Farm Labor Force			Social Product Per Hectare of Cropland		
	1953	1979	Index 1953=100	1953	1979	Index 1953=100
Agriculture as a whole	3,391	14,640	432	2,562	5,126	200
Socialized farms	14,822	79,690	538	2,050	8,585	419
Private farms	2,902	11,295	389	2,635	4,473	170

In the first postwar years the rise of labor productivity occurred primarily as a consequence of the rapid reduction of the farm population. It was rising faster on private farms than on the socialized farms. In the period after 1961 the rise of productivity of farm labor resulted from the application of up-to-date technology and intensification of agricultural production, the development of large-scale socialized production, socialization and integration of private farms into the agroindustrial complex. Labor productivity in that period has been growing considerably faster on socialized farms than on private farms.

The intensity of agricultural production per hectare of cropland has been rising: twofold in agriculture as a whole, 4.2-fold on socialized farms and 1.7-fold on private farms. The level of productivity of agriculture per hectare of cropland is not high enough, since the yields are below the real potential, especially in the private sector. The productivity of agriculture will increase considerably as yields continue to rise.

The ratio between the private and socialized sectors with respect to the intensity of agricultural production per hectare of cropland stands in the ratio

1:[illegible], and per member of the farm labor force it stands in the ratio 1:1.4. Activation of the productive potential of the private sector through the pooling of land, labor and productive resources with the socialized sector is being set forth as one of the priority tasks in the future development of agriculture. The figures on this are given in Table 26.

Table 26. Labor Productivity in Production of Important Crops on Socialized Farms in Yugoslavia, in hours (1973-1975 average)

	Expended Per 100 kg		Expended Per Hectare	
Crop	Of Direct Human Labor	Of Tractor Operation	Of Direct Human Labor	Of Tractor Operation
Wheat	0.58	0.24	28.13	11.76
Corn	1.09	0.27	71.72	18.26
Sugar beets	0.58	0.06	277.12	31.01
Sunflowers	3.65	0.69	66.79	12.67
Alfalfa	1.14	0.28	82.30	20.26

With respect to the level of labor productivity they have achieved, organizations in the socialized sector of agriculture can be compared to farms in the advanced countries. In the socialized sector there has been an essential drop in the expenditure of live labor in the production process. The reduction of labor expenditures in field cropping is the result of introducing fully mechanized production equipment on 100 percent of the area of the socialized sector planted to wheat, 80 percent of that planted to sugar beets, and 60 percent of that planted to corn. The productivity of live labor in animal husbandry is also at a relatively high level, though it is lagging behind productivity in the production of field crops. In 1975 it took 13 hours to produce 100 kg of fattened baby beef, 4 hours for 100 kg of fattened hogs and 4.5 hours of direct human labor for 100 kg of milk. Labor productivity on the socialized farms varies considerably depending on the type of farm product. On the socialized farms there is a large potential for increasing output and raising labor productivity by improving the organization of production processes, through more effective use of modern technological procedures and by reducing differences in productivity from one socialized farm to another.

The average intensity of Yugoslavia's agricultural production per hectare of cropland has increased considerably, but it is still lagging behind the situation in the advanced countries. This fact demonstrates that the large potential and advantages which Yugoslavia has for development of agricultural production have still not been fully manifested or sufficiently utilized. The further rise of productivity in Yugoslavia's agriculture depends functionally on intensification of agricultural production and the absorptive capacity of the market for sale of farm products. Advancement of production and labor productivity in the private sector have great importance here.

Agriculture in the Process of Social Reproduction

1. Distribution of Finished Farm Products by the Purposes for Which They Are Used and Relations Between the Supply of Food and the Demand for It

Feeding the population has a share of about 85 percent in the distribution of finished farm products by type of consumption in Yugoslavia, which means that this is the principal factor in the demand for farm products.

The share of exports of farm products has reached about 12 percent, and the share of nonfood raw materials of agricultural origin is about 3 percent in the distribution of final agricultural products. The share of exports of farm products is still low and considerably below the potential.

The high growth of agricultural production per inhabitant of Yugoslavia has made it possible for agriculture to increase its role in the process of social reproduction and to effectively fulfill its social functions.

The high growth of demand for food is the result of population growth, higher employment and higher per capita income. Domestic demand for food and the food supply are still occasionally out of balance, and we should mention that in recent years there has been a surplus of not only meat, but also certain other products (fruit, vegetables and wine). The disproportion between the demand and supply of farm products has varied in size from year to year and has depended above all on the level of agricultural production and opportunities for export.

The shortage of supply has been resolved basically by importing adequate quantities of food and by raising the prices of farm products, which mitigated the rise of the demand for food. The problem of the surplus, of meat, for example, in 1974 and 1975, was solved by introducing compensation in the form of compensation payments to cover the drop in meat prices.

2. Nutrition of the Population

The development of agricultural production has made it possible to solve successfully the quantitative aspect of feeding the population in that a high average level of 14.7 kilojoules has been achieved as a per capita daily consumption, which corresponds to the physiological maximum of consumption. We can see figures on this in Table 27.

Table 27. Biochemical Composition of the Per Capita Daily Consumption of Food Products in Yugoslavia, 2-year averages

	1953-1953	1957-1958	1967-1968	1977-1978
Kilojoules	11.4	11.9	13.4	14.7
Percentage of animal origin	17.3	19.9	19.4	31.6
Proteins, in grams	87.0	90.4	93.5	102.9
Percentage of animal origin	22.2	25.8	24.7	33.0
Fats, in grams	62.5	70.5	85.7	113.2
Carbohydrates, in grams	487.0	500.0	532.0	541.0

Per capita wheat consumption is relatively high, since it has been dropping slowly, while potato consumption has been rising. Sugar consumption has increased considerably. There has been a considerable increase in consumption of fresh vegetables, fruit and grapes, as well as beer, while wine consumption has dropped. Average per capita meat consumption in Yugoslavia has reached a level of 57 kg if incorporated (inkrustrirane) pork fats are not included and 71 kg if they are included. Meat consumption has increased particularly in the last 10 years. Total per capita fat consumption is 20.6 kg, so that it has nearly reached saturation. Per capita fresh milk consumption is 99.6 liters, and per capita egg consumption is 180.

Regional differences in the level of nutrition are considerable as are differences from one social and economic group of the population to another. Average annual per capita meat consumption ranged between 45 and 61 kg in the advanced regions and from 15 to 36 kg in the underdeveloped regions. There are pronounced differences in the level of nutrition between the urban and rural population.

An improvement has also been achieved in the quality of the population's diet, since the consumption of proteins has increased. However, the qualitative aspect of the diet is not yet satisfactory, since consumption of proteins of animal origin is still low. In the proportional makeup of total consumption of joules, joules from foodstuffs of animal origin have a share of 31.6 percent, while proteins of animal origin have a share of 33 percent in the proportional breakdown of total proteins. The biochemical composition of the diet of the Yugoslav population is still not adequately balanced.

It is a complicated undertaking to solve the problem of the quality of the population's diet because of the steady growth of expenditures for food and beverages, which have increased nearly sevenfold over the last decade. In the proportional breakdown of expenditures for personal consumption there is a high share of expenditures for food and beverages--46.4 percent, and food alone represents 38.5 percent. The high costs of food and beverages are having a serious impact on the standard of living of the population.

3. Exports and Imports of Raw and Processed Foods

Agriculture's development has been characterized by a continuous increase in exports of farm products, which over the last decade have nearly tripled. Foreign tourism in Yugoslavia is also becoming an increasingly important element in the demand and consumption of farm products, beverages and tobacco.

Though exports of farm products have increased considerably, their share in total exports has been dropping very rapidly. Exports of farm products had a share of 60.9 percent in total exports on the eve of World War II, in the period 1935-1939, but their share in the postwar period has been as follows: about 26 percent in 1953, about 40 percent in 1959, about 22 percent in 1968 and about 13 percent in 1978. Yugoslavia has a share of only 0.42 percent in total world exports of farm products in value terms.

Considerable shifts are taking place in the composition of total exports of farm products in that the share of livestock raising has increased from 15.5 percent in the 1947-1951 average to about 57 percent in the 1972-1976 average. In the proportional breakdown of exports of livestock, meat and processed meat products the largest item is beef. Exports of horses also represent an important item; they go exclusively to the EEC market, thanks to the fact that imports are not subject to the variable levy. The only grain exported is corn, commercial corn, but hybrid seed, Yugoslav creations, is being exported more and more. Fruit and vegetable exports amounted to about $105 million in 1978. Among fruits the most important exports are fresh plums and dried prunes, and then apples, grapes, sour cherries and fruit pulp. Fresh vegetables are a minor export item, but processed vegetables are becoming increasingly important. Exports of wine have been expanding in recent years, though the proportional breakdown does not correspond to the present level and makeup of production. Ordinary table wines (in hogsheads and tanks) are the largest export item, though excellent quality wines are available for export. To this we should add the export of strong beverages and brandy. Tobacco and hops represent important products for export (about 25,000 tons of tobacco). Recently there has been an increase in exports of nursery stock, chicks, certain delicatessen products and products of the food manufacturing industry. In recent years Yugoslavia has begun to export sugar and certain amounts of edible vegetable oil.

Table 28. Agriculture's Share in Yugoslavia's Total Exports and Imports, in millions of U.S. dollars

	Exports			Imports			
Year	Total	Farm Products	Share, %	Total	Farm Products	Share, %	Agriculture's Trade Balance
1968	1,264	282	22.3	1,797	158	8.8	+124
1970	1,679	349	20.8	2,874	246	8.6	+103
1973	2,853	468	17.0	4,511	516	12.4	- 75
1978	5,671	750	13.2	9,988	758	7.6	- 8

The distribution of exports among the various types of agricultural products has been undergoing radical change, since the share of finished products of the food manufacturing industry has been increasing. For example, in recent years meat and processed meat products have had a share of about 65-75 percent in the distribution of exports of agriculture. The increased share of finished products in the distribution of agricultural exports is the correct economic orientation, one which affords larger economic benefits and utilizes more efficiently the advantages of Yugoslav agriculture.

Total exports of agricultural products are still characterized by a one-sided regional orientation toward the West European market. The largest customers for Yugoslavia's agricultural products are the EEC countries--whose share is about 40 percent, and then come the East European countries--with a share of 25-28 percent, and the developing countries--with a share of 2-5 percent, and other European and non-European countries. There are still very serious problems in the area of imports of agricultural products. We are referring here to two groups of problems. First, because production is occasionally inadequate and because domestic consumption is growing, from time to time Yugoslavia imports necessary amounts of grain, sugar, oil, meat, leather, butter, and so on. Imports of these agricultural products will be gradually eliminated, since they can be produced within the country in amounts adequate not only for domestic needs, but even for export. Second, Yugoslavia is importing large amounts of products of tropical agriculture, such as citrus fruit, coffee, cacao, tropical fruit, cotton, and so on. Imports of the products of tropical agriculture will continue to grow, but these imports should be covered by exports of other farm products.

The problems of exports and imports of agricultural products are becoming increasingly important because the trade balance of agriculture is not satisfactory. Over the entire period since 1953 animal husbandry has had a favorable trade balance, but the surplus has not been sufficient to offset the deficit in plant growing. Yugoslavia possesses the capability of achieving a high favorable trade balance for agriculture, which could contribute greatly to strengthening the country's balance of payments and to economic development.

There are several reasons for the unsatisfactory status of exports and the balance of trade of agricultural products. The principal reason lies in the high growth of domestic consumption of the products of agriculture and the food manufacturing industry and the orientation toward meeting that demand first, along with production of corresponding surpluses for export. Because of limited resources for investment, direct investments have not been made in production for export. Exports of livestock and of livestock products, especially quality baby beef, have experienced such blows and encountered such barriers on the world market, and in particular the EEC market, that the Yugoslav economy has been sorely affected. Several such situations of protectionism on the market for farm products have nullified progress in production, and the material loss has been considerable. The predominant orientation toward exports of baby beef and beef and baby-beef and beef products, the continuing relatively low productivity of Yugoslav agriculture, the weak orientation toward the market of the developing countries, and errors of omission in organizing the effort on the world market certainly belong among the principal causes of the unsatisfactory status of exports and the export balance.

4. Industrial Processing of Agricultural Products

Industrial processing of agricultural products has developed into a relatively important production complex of Yugoslav industry and the Yugoslav economy.

Development of industrial processing of agricultural products has up to now been based on the existing plants and raw materials from primary agricultural production, which is contributing to the faster development of those activities whose location is entirely or predominantly determined by the volume and quality of raw materials. (See the figures in Table 29.)

The volume of industrial processing of agricultural products over the last 12 years has increased 2.3-fold, which is unquestionably a major advance. Agriculture sets aside half of its final output to meet the needs of industrial processing of farm products. The level of utilization of the capacity of the food manufacturing industry is still inadequate in that a sizable portion of agricultural output does not go through industrial processing and yet the supply of raw materials is insufficient. The share of the food manufacturing industry and the tobacco industry in the agroindustrial complex is increasing, while the share of primary agricultural production is decreasing.

Table 29. Index Numbers and Growth Rates of the Physical Volume of Production in Yugoslavia

Activities	Index 1967-1979	Growth Rate
Production of foodstuffs	201.1	6.0
Production of beverages	327.7	10.4
Industrial production of livestock feed	224.5	7.0
Production and processing of tobacco	161.7	4.1

The rate of growth varies from product to product of the food manufacturing industry. Relevant factors here are discrepancies between the raw materials base and processing capacities, storage space, and the inadequate engineering and technological level of the equipment of processing plants. This is indicated by the figures in Table 30.

Table 30. Development of the Production of the More Important Products of the Food Manufacturing Industry in Yugoslavia

Products	Output			Growth Rate
	1968	1973	1978	
Flour, thousands of tons	2,072	2,260	2,427	1.6
Bread and baked goods, thousands of tons	480	750	973	8.2
Fresh meat, thousands of tons	384	438	727	7.3
Sausage products, thousands of tons	51	99	156	11.8
Canned meat products, thousands of tons	50	69	94	6.5
Dried meat and bacon, thousands of tons	26	33	57	9.1
Sugar, thousands of tons	398	442	693	5.7
Edible oil, thousands of tons	120	168	196	5.0
Canned fish products, thousands of tons	20	28	33	5.1
Canned vegetable products, thousands of tons	48	103	153	12.3
Processed fruit products, fruit juices and fruit syrups, thousands of tons	139	185	261	6.5
Powdered milk, thousands of tons	5	7	15	11.6
Syrups, thousands of tons	19	25	45	10.1
Refined grain alcohol, thousands of hectoliters	31,422	32,039	53,595	5.5
Beer, thousands of hectoliters	4,752	9,704	10,004	7.7

The food manufacturing industry is the leading branch in the agroindustrial complex, in which its share is very high at nearly 50 percent. The product mix of the food manufacturing industry shows major shifts toward a larger share of finished products, while primary processing is dropping.

In the mid-fifties the product mix in the food manufacturing industry was rather one-sided, with a high share of the milling industry and the sugar industry, which represented about 50 percent of the total physical volume of the food manufacturing industry. In the mid-sixties the product mix was undergoing a fair amount of change toward finished products of the meatpacking, dairy, canning and confectionery industries. The growth trend of meat processing and the canning industry has continued in recent years. The leading branches in the food manufacturing industry are the meatpacking industry, and then the sugar industry, factories manufacturing beverages, and the bread and baked goods industry, while the milling industry, once the leading branch, now has a share of less than 10 percent.

Products originating in animal husbandry have the most important place in the distribution of demand for the finished products of the food manufacturing industry. Industrial processing of the products of animal husbandry, meat processing in particular, has a heterogeneous makeup in terms of its engineering and technological characteristics, the level of its equipment for finishing and its utilization of capacity. A high standard of industrial processing has been achieved in the production of processed goods, juices and beverages of vegetables, fruits and grapes, and also in the processing of industrial crops.

The geographic distribution of the capacity of the food manufacturing industry is uneven. It is concentrated in the northwestern part of the country, and it is poorly developed in the underdeveloped regions and in the hilly and mountain region.

Utilization of available capacity of the food manufacturing industry runs between 50 and 75 percent, which is having an adverse effect on development of the economy and on the growth of employment. Within the food manufacturing industry the sector for processing the products of animal husbandry stands out particularly for its underutilization of capacity.

The production and processing of agricultural products have not been sufficiently adjusted and linked to one another. The primary factor in synchronized development of the food manufacturing industry is a solid integrational link between the raw materials base and processing plants, and in particular linkage based on income sharing among all three phases in the process of reproduction--production, processing and distribution of food. This process of establishing functional links from production of the raw materials to the last step in finishing has been developing in the agroindustrial combines, while outside them it is only rudimentary.

Industrial processing of agricultural products is characterized by a relatively low level of the ability to generate capital and funds for reinvestment, which is why the process of modernization of the food manufacturing industry has slowed down.

Social Product, Income and Capital Investments

Yugoslavia's agriculture has stood in a relatively unfavorable economic position relative to the other sectors of the economy over the entire postwar period. Nonalignment among agricultural production, production costs and the purchase prices of agricultural products has resulted in slower growth and fluctuation in agriculture's income and its ability to generate capital.

The social product of agriculture as a whole has increased 2.3-fold over a period of 25 years; within that figure the growth of the socialized sector has been 4.5-fold and that of the private sector 1.9-fold, while at the same time the social product of the economy as a whole has grown 5.2-fold. The social product of agriculture has been growing considerably slower (average rate 3.3 percent) than the social product of the entire economy (rate 6.8 percent). The figures in Table 31 are indicative of this.

Table 31. Trend of the Social Product in Yugoslavia (1972 prices), in millions of dinars

Sector	Ø 1952-1954	Ø 1965-1967	Ø 1977-1979
Economic activity as a whole	66,800	174,563	348,153
Index number	100	261	521
Agriculture			
Total	21,820	37,282	50,080
Index number	100	171	229
Socialized sector	2,606	7,284	13,026
Index number	100	278	450
Private sector	19,214	30,034	37,054
Index number	100	156	193

Table 32. National Income of Yugoslavia's Agriculture (1972 prices), in millions of dinars

Sector	1959	1969	1979
Total	34,250	39,212	48,149
Index number	100	114	141
Socialized sector	3,689	7,418	11,882
Percentage	11	19	25
Private sector	30,561	31,794	26,267
Percentage	89	81	75

Because of the relatively more rapid growth of the social product of the socialized sector, its share has also increased in the social product of agriculture as a whole from 11 percent in the 1952-1954 period to 25 percent in the period 1977-1979 (see Table 32).

The income of agriculture as a whole has grown at an annual rate of 1.8 percent over the period of 19 years (1959-1979). At the same time the income of the socialized sector of agriculture has increased at a much faster annual rate of 6.4 percent than the rate of 0.9 percent for the income of the private sector of agriculture.

The largest share in distribution of income in the private sector of agriculture, about 87 percent, is set aside for personal consumption in the household. In the socialized sector of agriculture a smaller portion of income, about 43 percent, is set aside for personal incomes and other personal benefits from employment.

Work organizations in agriculture set aside about 11 percent of their income for investments in fixed capital, and private farms about 5 percent.

Taxes and contributions paid out of personal incomes and out of income in socialized work organizations in agriculture amount to about 30 percent, while on private farms they amount to only about 8 percent.

Obligations in the form of interest on credit put a burden of about 14 percent on the income of socialized work organizations in agriculture, and a burden of about 0.5 percent on the income of private farms.

Agriculture's unfavorable economic position is a consequence of the operation of a set of insufficiently stimulative conditions for the conduct of economic activity and its unfavorable position in primary distribution because of the fluctuation of agricultural output, external price disparities and the large burden on income to meet government needs, social services and other obligations.

There are differences from branch to branch of agricultural production in the socialized sector with respect to the capital-output ratio and the rate of return. At almost the same level of the capital-output ratio field cropping has a rate of return that is almost twice as high as that of animal husbandry. Fruitgrowing and grapegrowing have a higher rate of return than animal husbandry. The discrepancies between animal husbandry and field cropping result not only from the weather factor and numerous other conditions, but particularly from the underdevelopment of income-sharing relations in the agroindustrial complex. See Table 33 for figures on this.

Table 33. Basic Distribution of the National Income of Agriculture (current prices)

Elements in Distribution	1975	1976	1977	1978
Socialized sector:				
National income	15,749	19,071	23,060	25,134
Net personal income and other personal benefits	7,060	8,258	10,290	10,432
Funds for capital investments and other purposes	1,862	1,901	2,587	2,964
Taxes and contributions paid from personal incomes	2,818	3,444	4,532	4,833

Table 13 (continued)

Elements in Distribution	1975	1976	1977	1978
Taxes and contributions paid from income	1,090	1,578	1,572	1,590
Turnover tax	170	237	394	340
Interest on credits, insurance premiums, commissions	2,162	2,784	3,109	4,100
Costs of litigation, administrative fees, rent, leasing	587	870	576	875
Private sector:				
National income	55,949	67,701	77,736	75,242
Net personal income and other personal benefits	48,616	58,683	65,330	66,759
Funds for capital investments and other purposes	2,973	3,866	6,371	1,416
Taxes and contributions paid from personal incomes	2,615	4,475	5,282	6,089
Taxes and contributions paid from income	1,282	340	413	557
Turnover tax	4	8	0	1
Interest on credits, insurance premiums, commissions	459	328	340	420
Proportional Distribution				
Socialized sector:				
National income	100	100	100	100
Net personal income and other personal benefits	45	43	45	41
Funds for capital investments and other purposes	12	10	11	12
Taxes and contributions paid from personal incomes	17	18	20	19
Taxes and contributions paid from income	7	8	7	6
Turnover tax	1	1	2	1
Interest on credits, insurance premiums, commissions	14	14	14	16
Costs of litigation, administrative fees, rent, leasing	4	4	2	3
Private sector:				
National income	100	100	100	100
Net personal income and other personal benefits	87	87	84	89
Funds for capital investments and other purposes	5	6	8	2

Table 33 (continued)

Proportional Distribution	1975	1976	1977	1978
Taxes and contributions paid from personal incomes	5	7	7	8
Taxes and contributions paid from income	2.0	0.5	0.5	0.7
Turnover tax	0.007	0.011	0	0.001
Interest on credits, insurance premiums, commissions	0.8	0.5	0.4	0.5

Source: "Statisticki godisnjak Jugoslavije" [Statistical Yearbook of Yugoslavia] for the years 1978 and 1980.

Investment Policy

Investment policy has had an essential role in development of Yugoslavia's agriculture and also in changing its structure. It has given preference to development of the socialized sector, and within the private sector it has stimulated the development of socialist cooperation with socialized farms.

Investments in agriculture have grown much more slowly than the economy as a whole. In the economy as a whole they increased 5.1-fold between 1957 and 1978, while in agriculture as a whole they increased 2.4-fold: 1.9-fold in the socialized sector and 3.3-fold in the private sector. This can also be seen from the figures in Table 34.

Table 34. Investments in Fixed Capital in Yugoslavia (1972 prices), in millions of dinars

Sector	1957	1967	1977	1978
Total	23,566	53,850	109,114	120,589
Index number	100	228	463	512
Agriculture				
Total	3,007	3,388	6,373	7,383
Index number	100	113	212	245
Socialized sector	1,876	2,133	3,055	3,612
Index number	100	114	163	192
Private sector	1,131	1,255	3,318	3,771
Index number	100	111	293	333

Agriculture's inadequate rate of return and ability to reinvest has greatly vitiated appropriations for investments to speed up the development of agricultural production. The tendency toward a decline in the relative position of agricultural investments has been pronounced. The share of agricultural investments in total investments dropped from 13 percent in 1957 to only 6 percent in 1978. During that same period agriculture's share in the social product of the economy dropped from 27 percent to only 14 percent.

Table 35. Sources of Funds for Capital Investment Projects in the Socialized Sector of Yugoslavia's Agriculture (1972 prices), in millions of dinars

Sources of Funds	1971	1973	1975	1977	1978
Total	3,078	3,774	7,466	9,324	11,136
Percentage	100	100	100	100	100
Own funds	1,560	1,864	3,405	3,584	4,056
Percentage	51	50	46	38	36
Credits	1,325	1,506	3,739	5,654	7,022
Percentage	43	40	50	61	63
Nonreturnable funds	193	374	322	86	58
Percentage	6.0	10.0	4.0	1.0	0.5

In the period from 1946 to 1952 a major portion of investments in the socialized sector of agriculture were made from budgets of sociopolitical communities on a nonreturnable basis.

Between 1952 and 1965 the principal sources of financing for capital investments in agriculture were the investment funds of sociopolitical communities, which for all practical purposes were budget resources, and the principal form of lending was credit at favorable rates of interest and good repayment periods.

In 1965, when the economic reform was carried out, the investment funds and the budget system of financing capital investments were abolished. The transition was made to the system of self-financing of investment projects, that is, to financing from internal savings and from bank credit. The figures in Table 35 show the trend of funds for investments.

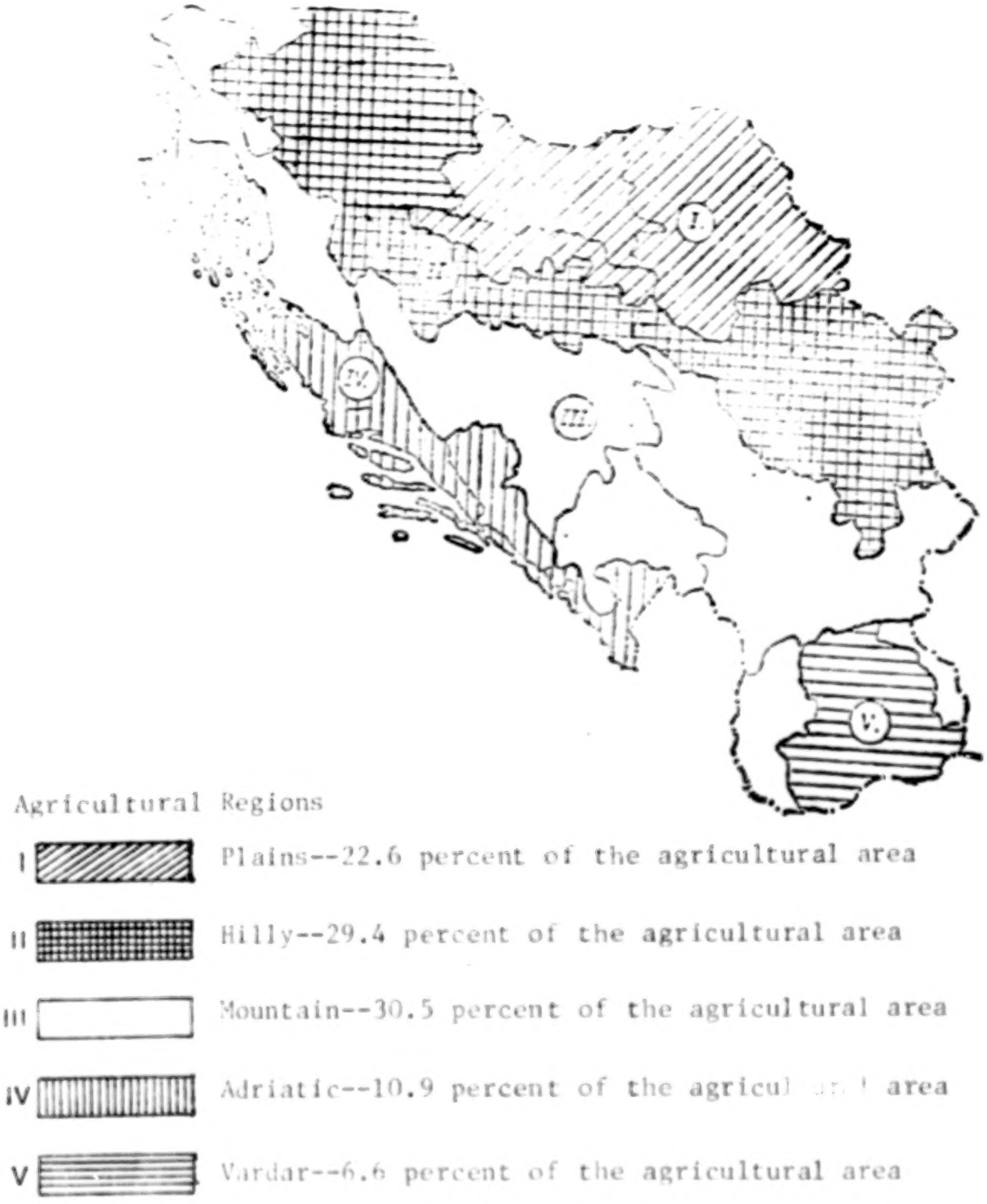
Investments in agriculture over the last 10 years or so have depended on agriculture's rate of return and creditworthiness. Private farms have made by far the major share of their investments out of their own income. Capital investments in the socialized sector of agriculture have depended more and more on credit.

Since 1971 there has been no separate system in agriculture for the credit financing of agricultural investments, but credit financing has been done within the framework of the general monetary and investment policy.

The ratio between total investments and output in agriculture is not altogether satisfactory, since the marginal capital coefficient is rather high. The reason for this lies in the unfavorable composition of investment projects and in their slow activation. Investment projects are rather one-sidedly oriented toward plant growing while animal husbandry has been neglected. There is also an unfavorable ratio between projects with short and projects with lengthy activation periods.

The trend toward a decline of investments in agriculture has resulted in a serious slowing down of the process of intensification of agricultural production, especially on socialized farms. The capital-labor ratio has been growing considerably more slowly in the socialized sector of agriculture than in other branches of production and activities. Certain branches of production and activities have essentially augmented the level of the capital-worker ratio, and they have approached or even exceeded the rate of return of the socialized sector of agriculture.

Agricultural Regions in Yugoslavia


I.
II.
III.
IV.
V.
Agricultural Regions
I ▨ Plains--22.6 percent of the agricultural area
II ▦ Hilly--29.4 percent of the agricultural area
III ☐ Mountain--30.5 percent of the agricultural area
IV ▥ Adriatic--10.9 percent of the agricultural area
V ▤ Vardar--6.6 percent of the agricultural area

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